



## **COUNCIL CHAMBERS**

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

<b>COUNCIL MEMBERS</b>	<b>REDEVELOPMENT AGENCY</b>
Steve Tate, Mayor	Steve Tate, Chair
Larry Carr, Mayor Pro Tempore	Larry Carr, Vice-Chair
Mark Grzan, Council Member	Mark Grzan, Agency Member
Marby Lee, Council Member	Marby Lee, Agency Member
Greg Sellers, Council Member	Greg Sellers, Agency Member

**WEDNESDAY, JUNE 27, 2007**

**AGENDA**

**JOINT MEETING**

**CITY COUNCIL SPECIAL AND REGULAR MEETING**

**and**

**REDEVELOPMENT AGENCY REGULAR MEETING**

**6:30 P.M.**

*A Special Meeting of the City Council is Called at 6:30 P.M. to Conduct Interviews for the Senior Advisory Commission.*

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**Steve Tate, Mayor/Chairman**

**CALL TO ORDER**

(Mayor/Chairperson Tate)

**ROLL CALL ATTENDANCE**

(Municipal Services Assistant Rice)

**DECLARATION OF POSTING OF AGENDA**

**Per Government Code 54954.2**

(Municipal Services Assistant Rice)

**6:30 P.M.**

## ***City Council Action***

### **INTERVIEWS:**

	<b>Time Estimate</b>		<b>Page</b>
<b>1.</b>	<b>30 Minutes</b>	<b><u>INTERVIEWS TO FILL A VACANCY ON THE SENIOR ADVISORY COMMISSION</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. Council <b><u>Discussion</u></b> About the Characteristics/Traits it is Seeking in Candidates to Serve on the Senior Advisory Commission; 2. Council to <b><u>Conduct</u></b> Interviews; 3. Council to <b><u>Identify</u></b> its Top Candidate, Plus 1, as Deemed Appropriate; and 4. Mayor to <b><u>Return with Recommended</u></b> Appointments for Council Discussion and Ratification of Appointments; or 5. Mayor to Appoint to Fill One Vacancy, Subject to City Council Ratification.	

**7:00 P.M.**

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **PRESENTATION**

International Bluegrass Museum Hall of Honor Inductee  
*Jake Quesenberry*

### **PROCLAMATIONS**

### **RECOGNITIONS**

### **CITY COUNCIL REPORTS**

Council Member Sellers

### **CITY COUNCIL COMMITTEE REPORTS**

### **CITY MANAGER'S REPORT**

### **CITY ATTORNEY'S REPORT**

### **OTHER REPORTS**

### **PUBLIC COMMENT**

**NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.**

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE  
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY  
COUNCIL/REDEVELOPMENT AGENCY.

## *City Council and Redevelopment Agency Action*

### ADOPTION OF AGENDA

## *City Council Action*

### CONSENT CALENDAR:

**ITEMS 2-23** The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

#### Time Estimate

#### Page

Consent Calendar: 1 - 10 Minutes

2. **NEW LIBRARY PROJECT – FINAL CONSTRUCTION PROGRESS REPORT** .....  
Recommended Action(s): Information Only.
3. **NEW OUTDOOR SPORTS CENTER PROJECT – MAY CONSTRUCTION PROGRESS REPORT** .....  
Recommended Action(s): Information Only.
4. **DONATION OF SURPLUS COMPUTER EQUIPMENT** .....  
Recommended Action(s): Authorize the Purchasing Officer to Donate Used Computer Equipment to Public Educational Institutions, as Described in the Staff Report.
5. **MAY 2007 FINANCE & INVESTMENT REPORT – CITY** .....  
Recommended Action(s): Accept and File Report.
6. **AMEND CITY OF MORGAN HILL FISCAL YEAR 2006-2007 BUDGET** .....  
Recommended Action(s): Approve Budget Actions Detailed in Exhibit A.
7. **COUNCIL RESOLUTION SUPPORTING GRANT FUNDING FOR ADDITIONAL TRANSPORTATION DEVELOPMENT ACT (TDA) ARTICLE 3 FUNDING** .....  
Recommended Action(s):
  1. Approve Resolution Supporting the 2007-2008 TDA Article 3 Grant Funding for an Additional \$9,000 to Complete the Trails and Natural Resources Study; and
  2. Appropriate \$20,000 from the City's Un-Appropriated Park Development Fund Balance (302) to Cover These Additional Services and Additional CIP Administration Costs for Completing the Study.
8. **AWARD OF CONTRACT TO PROVIDE PLAN CHECKING SERVICES ASSISTANCE ON AN AS-NEEDED BASIS** .....  
Recommended Action(s):
  1. Approve Fiscal Year 2007-2008 Professional Services Contract with Harris & Associates to Provide Contract Plan Checking Services on an As-Needed Basis at a Not-to-Exceed Fee of \$119,900; and
  2. Authorize the City Manager to Execute the Contract, Subject to Review and Approval by the City Attorney.

**Time Estimate**

**Page**

**Consent Calendar: 1 - 10 Minutes**

9. **SUPPORT OF GREEN CHALLENGE 07-09 PROGRAM** .....  
**Recommended Action(s):** **Become** an Official Sponsor of the Green Challenge 07-09 Program.
10. **FINAL MAP APPROVAL FOR ROSE GARDEN PHASE I (TRACT 9880)** .....  
**Recommended Action(s):**
  1. **Approve** the Final Map, Subdivision Agreement, and Improvement Plans;
  2. **Authorize** the City Manager to Sign a Subdivision Improvement Agreement on Behalf of the City, Subject to Review and Approval by the City Attorney; and
  3. **Authorize** the Recordation of the Final Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.
11. **FINAL MAP APPROVAL FOR SAN SAVINGNO PHASE I AND II (TRACT 9853)** .....  
**Recommended Action(s):**
  1. **Approve** the Final Map, Subdivision Agreement, and Improvement Plans;
  2. **Authorize** the City Manager to Sign a Subdivision Improvement Agreement on Behalf of the City, Subject to Review and Approval by the City Attorney; and
  3. **Authorize** the Recordation of the Final Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.
12. **FINAL MAP APPROVAL FOR CAPRIANO PHASE 8 (TRACT 9919)** .....  
**Recommended Action(s):**
  1. **Approve** the Final Map, Subdivision Agreement, and Improvement Plans;
  2. **Authorize** the City Manager to Sign a Subdivision Improvement Agreement on Behalf of the City, Subject to Review and Approval by the City Attorney;
  3. **Authorize** the City Clerk to Sign the Final Map Authorizing Abandonment of Unused Easements; and
  4. **Authorize** the Recordation of the Final Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.
13. **AWARD MONTEREY ROAD AND MAIN AVENUE INTERSECTION IMPROVEMENT PROJECT** .....  
**Recommended Action(s):**
  1. **Appropriate** \$225,000 from the Un-Appropriated Traffic Impact Fund Balance (309) to Fully Fund Construction and Associated Costs of this Project;
  2. **Award** Contract to McGuire & Hester for the Construction of Monterey Road and Main Avenue Phase II Traffic Signal Modifications Project in the Amount of \$390,305; and
  3. **Authorize** Expenditure of Construction Contingency Funds Not to Exceed \$39,030.
14. **AWARD OF CONTRACT TO PROVIDE PUBLIC WORKS TESTING AND INSPECTION SERVICES ON AN AS-NEEDED BASIS** .....  
**Recommended Action(s):**
  1. **Approve** a Professional Services Contract with Testing Engineers, Inc. (TEI) to Provide Public Works Testing and Inspection Services on an As-Needed Basis at a Not-to-Exceed Cost of \$75,000 for Fiscal Year 2007-2008; and
  2. **Authorize** the City Manager to Execute the Contract, Subject to Review and Approval by the City Attorney.
15. **CONTRACT FOR WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR (TPA)** .....  
**Recommended Action(s):** **Authorize** the City Manager to Execute a Consultant Services Agreement for Third Party Administration of Workers' Compensation at a Cost Not to Exceed \$50,000 Over the Term of the Agreement; Subject to Review and Approval by the City Attorney.
16. **APPROVE SPECIAL CITY COUNCIL MEETING MINUTES OF MAY 30, 2007** .....

**Time Estimate**  
**Consent Calendar: 1 - 10 Minutes**

**Page**

17. **NEW AND AMENDED JOB DESCRIPTIONS AND SALARY RANGES** .....  
**Recommended Action(s):**  
  1. **Adopt** Resolution Amending the Management, Professional, and Confidential Employees Resolution No. 6094 to Add and Amend Job Descriptions and Salary Ranges;
  2. **Amend** the AFSCME Memorandum of Understanding Approved by the City Council on October 5, 2005 to Add and Amend Job Descriptions and Salary Ranges; and
  3. **Amend** Fiscal Year 2007-2008 Authorized Personnel Allocations to Delete One Assistant Engineer Position and Add One Associate Engineer Position to Accommodate a Reclassification.
  
18. **FRIENDLY INN LEASE AGREEMENT WITH THE YMCA OF SANTA CLARA VALLEY** .....  
**Recommended Action(s):** **Authorize** the City Manager to Execute a Lease Agreement Thru December 31, 2007 with the YMCA of Santa Clara Valley at the Friendly Inn.
  
19. **COYOTE VALLEY SPECIFIC PLAN DRAFT ENVIRONMENTAL IMPACT REPORT** .....  
**Recommended Action(s):** **Direct** Mayor to Sign and Forward Comment Letter and South County Agencies Letter to the City of San Jose.
  
20. **ADOPT ORDINANCE NO. 1839, NEW SERIES** .....  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1839, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING ARTICLE II, THE STANDARDS AND CRITERIA AND PROCEDURES OF THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM AS SET FORTH IN CHAPTER 18.78 OF THE MORGAN HILL MUNICIPAL CODE.**
  
21. **ADOPT ORDINANCE NO. 1840, NEW SERIES** ..... 10  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1840, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN.**
  
22. **ADOPT ORDINANCE NO. 1841, NEW SERIES** ..... 16  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1841, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1787 NEW SERIES, DAA-05-08: CHURCH-ALCINI, TO ALLOW FOR AN 8-MONTH EXTENSION OF THE COMMENCEMENT OF CONSTRUCTION DATE FOR 14 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2006-2007 FOR MC 04-15: CHURCH – ALCINI. ALSO, APPROVED IS THE TRANSFER OF THE DEVELOPMENT AGREEMENT PERFORMANCE DATES OUT OF EXHIBIT "B" OF THE DEVELOPMENT AGREEMENT AND INTO A SEPARATE RESOLUTION. (APN 817-01-061 & 064) (DAA-05-08: CHURCH – ALCINI)**
  
23. **ADOPT ORDINANCE NO. 1842, NEW SERIES** ..... 22  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1842, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION, DAA-06-06: MONTEREY - GUNTER TO ALLOW A ONE-YEAR EXTENSION OF THE COMMENCE CONSTRUCTION DEADLINE FOR THE FISCAL YEAR 2006-2007 BUILDING ALLOTMENTS. (DAA-06-06: MONTEREY – GUNTER)**

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

#### **ITEMS 24**

Time Estimate **Page**  
Consent Calendar: 1 - 10 Minutes

24. [May 2007 Finance & Investment Report – RDA](#) .....28  
Recommended Action(s): Accept and File Report.

## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

#### **ITEMS 25-26**

Time Estimate **Page**  
Consent Calendar: 1 - 10 Minutes

25. [APPROVE JOINT REGULAR CITY COUNCIL AND REGULAR REDEVELOPMENT AGENCY MEETING MINUTES OF JUNE 6, 2007](#) ..... 38
26. [APPROVE JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF JUNE 13, 2007](#) .....62

## ***City Council Action***

### **PUBLIC HEARINGS:**

Time Estimate **Page**

27. 1 Minute HEARING FOR EXEMPTION TO UNDERGROUNDING UTILITIES – 345 SPRING AVENUE .....  
Public Hearing Opened.  
Please Limit Your Remarks to 3 Minutes. Public Hearing Closed  
Council Discussion.  
Action- **Grant** Exemption to the Requirement to Underground Utilities with Payment of in Lieu Fees for the Proposed Development at 345 Spring Avenue.
28. 6 Minutes DEVELOPMENT AGREEMENT AMENDMENT, DAA: 04-09: EAST DUNNE-DELCO .....  
Public Hearing Opened.  
Please Limit Your Remarks to 3 Minutes. Public Hearing Closed  
Council Discussion.  
Action- **Motion to Waive** the Reading in Full of Ordinance.  
Action- **Motion to Introduce** Ordinance by Title Only. (Roll Call Vote)

## ***Redevelopment Agency Action***

### **PUBLIC HEARINGS:**

	<b>Time Estimate</b>		<b>Page</b>
29.	15 Minutes	<b><u>AMENDMENT TO THE FIVE YEAR IMPLEMENTATION PLAN (2004-2009)</u></b> <b><u>ADDING A PUBLIC SAFETY PROGRAM</u></b> ..... Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <b><u>Adopt</u></b> Resolution Which Amends the Morgan Hill Redevelopment Agency Implementation Plan (2004-2009).	

## ***City Council Action***

### **OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
30.	10 Minutes	<b><u>FOX HOLLOW/MURPHY SPRINGS LANDSCAPE ASSESSMENT DISTRICT –</u></b> <b><u>CONTE GARDENS SUB AREA</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Continue</u></b> Current Financial Plan to Eliminate Fund Balance Deficit; and 2. <b><u>Continue</u></b> to Work with Conte Gardens Sub Area Property Owners and Adjacent Homeowners Associations to Improve the Condition of the Conte Gardens Sub Area.	
31.	10 Minutes	<b><u>STATE ASSEMBLY BILL 345 AND STATE ASSEMBLY BILL 346</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Adopt</u></b> Resolution Supporting AB 345 and AB 346; and 2. <b><u>Authorize</u></b> the Mayor to Send the Letter Supporting AB 345 and AB 346.	
32.	10 Minutes	<b><u>CABLE TELEVISION EDUCATIONAL ACCESS</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Designate</u></b> the Morgan Hill Unified School District (District) and Gavilan College as the Two Educational Access Cable Television Providers for the City of Morgan Hill; 2. <b><u>Authorize</u></b> the City Manager to Execute a Formal Agreement with the District and Gavilan College for a Term Not to Exceed Two Years, Subject to Review and Approval by the City Attorney. The Agreements Shall Specifically Require that Annual Reports be Submitted to the City Council; 3. <b><u>Direct</u></b> Staff to Notify Media Access Coalition of Central California (MACCC) That They are Welcome to Add Educational Programming to Channel 17; and 4. <b><u>Direct</u></b> Staff to Formally Request that Charter Cable Connect Each of the Designated Studies to the Cable System Within 60 Days.	
33.	10 Minutes	<b><u>METCALF ENERGY CENTER AIR MONITORING</u></b> ..... <b><u>Recommended Action(s):</u></b> <b><u>Direct</u></b> Staff to Add Metcalf Energy Center Monitoring Station to an Upcoming Agenda of the City/School Liaison Committee.	
34.	20 Minutes	<b><u>CITY COUNCIL ADOPTED POLICIES AND PROCEDURES</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Review</u></b> Adopted City Council Policies and Procedures; and 2. <b><u>Reaffirm, Amend, and/or Delete</u></b> Policies, as Deemed Appropriate.	

**FUTURE COUNCIL AGENCY-INITIATED AGENDA ITEMS:**

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

***City Council Action***

**CLOSED SESSION:**

**1.**

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Authority:	Government Code Section 54956.9(a)
Case Name:	<u>Moniz v. City of Morgan Hill</u>
Case Number:	County of Santa Clara No. 1-05-CV-053742
Attendees:	City Manager; City Attorney

**OPPORTUNITY FOR PUBLIC COMMENT**

**ADJOURN TO CLOSED SESSION**

**RECONVENE**

**CLOSED SESSION ANNOUNCEMENT**

**ADJOURNMENT**



**PUBLIC COMMENTS ON ITEMS *NOT* APPEARING ON AGENDA**

Following the opening of Council/Agency business, the public may present comments on items *NOT* appearing on the agenda that are within the Council's/Agency's jurisdiction. Should your comments require Council/Agency action, your request will be placed on the next appropriate agenda. No Council/Agency discussion or action may be taken until your item appears on a future agenda. You may contact the City Clerk/Agency Secretary for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your presentation to three (3) minutes.

**PUBLIC COMMENTS ON ITEMS APPEARING ON AGENDA**

The Morgan Hill City Council/Redevelopment Agency welcomes comments from all individuals on any agenda item being considered by the City Council/Redevelopment Agency. Please complete a Speaker Card and present it to the City Clerk/Agency Secretary. This will assist the Council/Agency Members in hearing your comments at the appropriate time. Speaker cards are available on the table in the foyer of the Council Chambers. In accordance with Government Code 54953.3 it is not a requirement to fill out a speaker card in order to speak to the Council/Agency. However, it is very helpful to the Council/Agency if speaker cards are submitted. As your name is called by the Mayor/Chairman, please walk to the podium and speak directly into the microphone. Clearly state your name and address and then proceed to comment on the agenda item. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the City Council/Agency Commission are limited to three minutes. We appreciate your cooperation.

**NOTICE**

**AMERICANS WITH DISABILITIES ACT (ADA)**

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City. If you need special assistance to access the meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation. Please make your request at least 48 hours prior to the meeting to enable staff to implement reasonable arrangements to assure accessibility to the meeting.

If assistance is needed regarding any item appearing on the City Council/Agency Commission agenda, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.

**NOTICE**

Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council/Agency Commission at, or prior to the Public Hearing on these matters.

**NOTICE**

The time within which judicial review must be sought of the action by the City Council/Agency Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.



## CITY COUNCIL STAFF REPORT

MEETING DATE: June 27, 2007

Agenda Item # **21**

Prepared By:

*[Signature]*

Municipal Services  
Assistant

Approved By:

*[Signature]*

City Clerk

Submitted By:

*[Signature]*

City Manager

### ADOPT ORDINANCE NO. 1840, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN

### RECOMMENDED ACTION(S):

Waive the Reading, and Adopt Ordinance No. 1840, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### EXECUTIVE SUMMARY:

On June 6, 2007, the City Council Introduced Ordinance No. 1840, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

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**ORDINANCE NO. 1840, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN**

WHEREAS, the Morgan Hill Redevelopment Agency ("Agency") is a redevelopment agency in the City of Morgan Hill, created pursuant to the California Community Redevelopment Law, California Health & Safety Code Section 33000 *et seq.* (the "Community Redevelopment Law"); and

WHEREAS, California Health & Safety Code Section 33342.7 (added by Senate Bill No. 53) became effective January 1, 2007, and requires a legislative body that adopted a final redevelopment plan before January 1, 2007, to adopt an ordinance describing the redevelopment agency's program to acquire real property by eminent domain; and

WHEREAS, the City Council approved and adopted the Redevelopment Plan for the Ojo De Aqua Redevelopment Project Area (the "Project Area") before January 1, 2007; and

WHEREAS, the Agency has no authority to acquire real property by eminent domain in the Project Area; and

WHEREAS, the Agency presently has no program to acquire real property by eminent domain, because the Agency has no authority to acquire real property by eminent domain in the Project Area.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS FOLLOWS:

**Section 1. The Agency's Eminent Domain Program.** Without amending the Redevelopment Plan for the Project Area, the Agency does not have a program for the acquisition of real property by eminent domain because the Agency presently lacks authority to acquire real property by eminent domain.

**Section 2. Amendment of the Redevelopment Plan.** If and when the City Council adopts an ordinance amending the Redevelopment Plan to authorize the Agency to acquire any real property by eminent domain, any such amendment shall also describe the Agency's program to acquire property by eminent domain under the Redevelopment Plan, as amended, which program shall require that any acquisition of real property by eminent domain shall comply with all applicable law and regulations.

**Section 3. California Health & Safety Code Section 33342.7.** This Ordinance is adopted pursuant to California Health & Safety Code Section 33342.7 and no amendment of the Redevelopment Plan is effected by this Ordinance.

**Section 4. California Environmental Quality Act.** This Ordinance has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), and the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines. The City has determined that this Ordinance is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378. Specifically, this Ordinance is adopted in order to comply with the requirements of California Health & Safety Code Section 33342.7, and is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment. (Guidelines Section 15378(b) (5).) Therefore, because it is not a "project," this Ordinance is not subject to CEQA's requirements. Further, even if this Ordinance were deemed a "project" and therefore subject to CEQA, the Ordinance would be covered by the general rule that CEQA applies only to projects that have the potential to cause a significant effect on the environment (Guidelines, Section 15061 (b)(3)). As an organizational or administrative activity that does not effect any change in the Agency's authority to exercise its powers of eminent domain and involves no exercise of such powers, the Ordinance does not have the potential to cause a significant effect on the environment and is therefore exempt under this general rule. Further, it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and thus this Ordinance is not subject to CEQA. (Guidelines, Section 15061(b) (3).)

**Section 5. Severability.** If any part of this Ordinance is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance and this City Council hereby declares that it would have passed the remainder of this Ordinance if such invalid or unconstitutional portion thereof had been deleted.

**Section 6. Certification.** The City Clerk shall certify to the passage of this Ordinance and is hereby directed to publish or post this Ordinance in accordance with law.

**Section 7. Transmittal to Agency.** The City Clerk is hereby directed to send a certified copy of this Ordinance to the Agency.

The foregoing ordinance was introduced at a regular meeting of the City Council of the City of Morgan Hill held on the 6<sup>th</sup> day of June 2007, and was finally adopted at a regular meeting of said Council on the    day of June 2007, and said ordinance was duly passed and adopted in accordance with law by the following vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Irma Torrez, City Clerk

\_\_\_\_\_  
Steve Tate, Mayor

**∞ CERTIFICATE OF THE CITY CLERK ∞**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1840, New Series, adopted by the City Council of the City of Morgan Hill, California at a regular meeting held on the day of June 2007.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
IRMA TORREZ, City Clerk

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## CITY COUNCIL STAFF REPORT

MEETING DATE: June 27, 2007

Agenda Item # **22**

Prepared By:

*[Signature]*

Municipal Services  
Assistant

Approved By:

*[Signature]*  
City Clerk

Submitted By:

*[Signature]*  
City Manager

### ADOPT ORDINANCE NO. 1841, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1787 NEW SERIES, DAA-05-08: CHURCH-ALCINI, TO ALLOW FOR AN 8-MONTH EXTENSION OF THE COMMENCEMENT OF CONSTRUCTION DATE FOR 14 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2006-2007 FOR MC 04-15: CHURCH – ALCINI. ALSO, APPROVED IS THE TRANSFER OF THE DEVELOPMENT AGREEMENT PERFORMANCE DATES OUT OF EXHIBIT “B” OF THE DEVELOPMENT AGREEMENT AND INTO A SEPARATE RESOLUTION (APN 817-01-061 & 064) (DAA-05-08: CHURCH – ALCINI)

### RECOMMENDED ACTION(S):

Waive the Reading, and Adopt Ordinance No. 1841, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### EXECUTIVE SUMMARY:

On June 13, 2007, the City Council Introduced Ordinance No. 1841, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.



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## ORDINANCE NO. 1841, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1787 NEW SERIES, DAA-05-08: CHURCH-ALCINI, TO ALLOW FOR AN 8-MONTH EXTENSION OF THE COMMENCEMENT OF CONSTRUCTION DATE FOR 14 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2006-2007 FOR MC 04-15: CHURCH – ALCINI. ALSO, APPROVED IS THE TRANSFER OF THE DEVELOPMENT AGREEMENT PERFORMANCE DATES OUT OF EXHIBIT “B” OF THE DEVELOPMENT AGREEMENT AND INTO A SEPARATE RESOLUTION (APN 817-01-061 & 064) (DAA-05-08: CHURCH – ALCINI)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES  
HEREBY ORDAIN AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded 14 building allotments for FY 2006-07, to that certain project herein after described as follows:

<u>Project</u>	<u>Total Dwelling Units</u>
MC 04-15: Church-Alcini	14

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents set forth in detail a development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 8.** Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

**SECTION 9.** MODIFICATION TO DEVELOPMENT SCHEDULE. The Council hereby approves an amendment to the development schedule for MC 04-15: Church - Alcini; attached to this resolution as Exhibit A.

The foregoing ordinance was introduced at a special meeting of the City Council of the City of Morgan Hill held on the 13<sup>th</sup> day of June 2007, and was finally adopted at a regular meeting of said Council on the     day of June 2007, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:            COUNCIL MEMBERS:  
NOES:           COUNCIL MEMBERS:  
ABSTAIN:       COUNCIL MEMBERS:  
ABSENT:        COUNCIL MEMBERS:

ATTEST:

APPROVED:

\_\_\_\_\_  
Irma Torrez, City Clerk

\_\_\_\_\_  
Steve Tate, Mayor

∞ **CERTIFICATE OF THE CITY CLERK** ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1841, New Series, adopted by the City Council of the City of Morgan Hill, California at a regular meeting held on the     day of June 2007.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: \_\_\_\_\_

\_\_\_\_\_  
IRMA TORREZ, City Clerk

**EXHIBIT "A"**

**DEVELOPMENT SCHEDULE MC-04-15: Church-Alcini:  
FISCAL YEAR 2006-2007, 14 allocations**

**I. COMMENCEMENT OF CONSTRUCTION**

Fiscal Year 2006-2007

~~12-30-07~~ ~~04-30-07~~

Failure to obtain building permits and commence construction by the date listed above, shall result in the loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 7 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

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## CITY COUNCIL STAFF REPORT

MEETING DATE: June 27, 2007

Agenda Item # **23**

Prepared By:

*[Signature]*

Municipal Services  
Assistant

Approved By:

*[Signature]*  
City Clerk

Submitted By:

*[Signature]*  
City Manager

### ADOPT ORDINANCE NO. 1842, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION, DAA-06-06: MONTEREY - GUNTER TO ALLOW A ONE-YEAR EXTENSION OF THE COMMENCE CONSTRUCTION DEADLINE FOR THE FISCAL YEAR 2006-2007 BUILDING ALLOTMENTS (DAA-06-06: MONTEREY - GUNTER)

### RECOMMENDED ACTION(S):

Waive the Reading, and Adopt Ordinance No. 1842, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### EXECUTIVE SUMMARY:

On June 13, 2007, the City Council Introduced Ordinance No. 1842, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

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**ORDINANCE NO. 1842, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF MORGAN HILL AMENDING THE  
DEVELOPMENT AGREEMENT FOR APPLICATION,  
DAA-06-06: MONTEREY - GUNTER TO ALLOW A  
ONE-YEAR EXTENSION OF THE COMMENCE  
CONSTRUCTION DEADLINE FOR THE FISCAL YEAR  
2006-2007 BUILDING ALLOTMENTS (DAA-06-06:  
MONTEREY - GUNTER)**

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY  
ORDAINS AS FOLLOWS:**

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded 15 building allotments for application MC-05-03: Monterey - Gunter (four for Fiscal Year 2006-2007, one for Fiscal Year 2008-2009, and 10 for Fiscal Year 2009-2010); (APN 726-23-008).

**SECTION 4.** On January 24, 2007, the City Council adopted Ordinance No. 1817, New Series, which approved the development agreement for application MC-05-03: Monterey - Gunter and established the commence construction deadline for the 15 building allotments.

**SECTION 5.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 6.** The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 7.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 8.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.



**SECTION 9. Effective Date Publication.** This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

**SECTION 10. MODIFICATION TO DEVELOPMENT SCHEDULE.** The Council hereby approves an amendment to the development schedule (known as Exhibit B of approved development agreement) for the 15 building allotments awarded to MC-05-03: Monterey - Gunter as attached in Exhibit A, and by this reference incorporated herein.

The foregoing ordinance was introduced at a special meeting of the City Council of the City of Morgan Hill held on the 13<sup>th</sup> day of June 2007, and was finally adopted at a regular meeting of said Council on the     day of June 2007, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES:            COUNCIL MEMBERS:**  
**NOES:           COUNCIL MEMBERS:**  
**ABSTAIN:       COUNCIL MEMBERS:**  
**ABSENT:        COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Irma Torrez, City Clerk

\_\_\_\_\_  
Steve Tate, Mayor

**∞   CERTIFICATE OF THE CITY CLERK   ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1842, New Series, adopted by the City Council of the City of Morgan Hill, California at a regular meeting held on the     day of June 2007.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**EXHIBIT "B"**

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**DEVELOPMENT SCHEDULE MC-05-03: MONTEREY - GUNTER  
FISCAL YEAR 2006-2007 (4 allocations)/FISCAL YEAR 2009-2010 (11 allocations)**

---

**I. COMMENCE CONSTRUCTION:**

Fiscal Year 2006-2007 (4 units)	<del>06-30-2007</del> <b>06-30-2008</b>
Fiscal Year 2009-2010 (11 units)	06-30-2010

Failure to commence construction by the dates listed above shall result in the loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 8 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

The development schedule for construction of the 15 units may be accelerated in accordance with the provisions of Measure F, approved by the voters in November 2006.

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## REDEVELOPMENT AGENCY

### STAFF REPORT

**MEETING DATE:** June 27, 2007

### MAY 2007 FINANCE & INVESTMENT REPORT

Agenda Item # **24**

Prepared By:

A handwritten signature in black ink, appearing to be "John Dill".

Finance Director

Submitted By:

A handwritten signature in black ink, appearing to be "John Dill".

Executive Director

#### RECOMMENDED ACTION:

Accept and File Report

**EXECUTIVE SUMMARY:** Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of May 2007. The report covers activity for the first eleven months of the 2006/2007 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

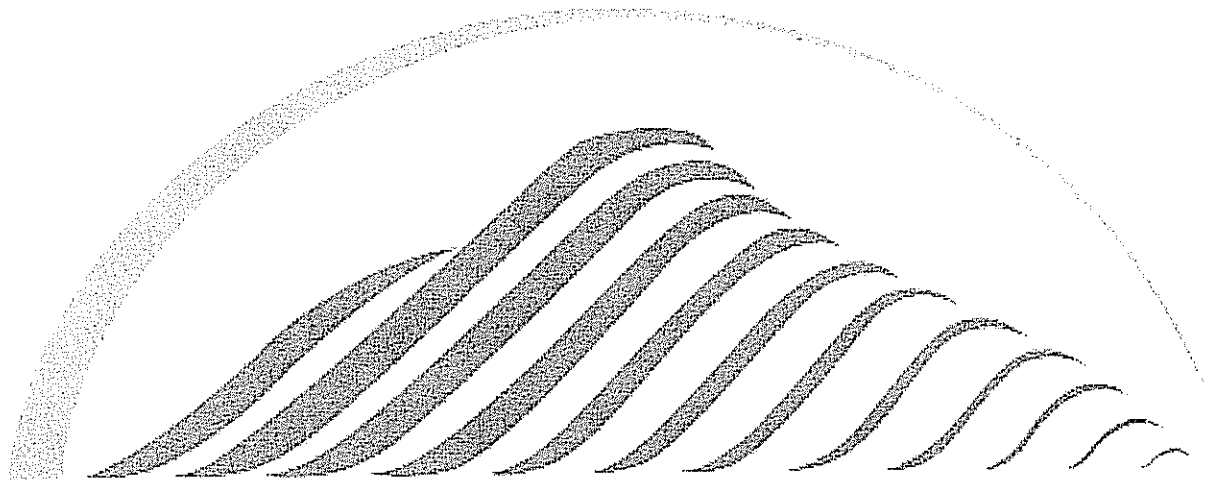
**FISCAL/RESOURCES IMPACT:** Resources were budgeted for the preparation of this report. The preparation will not affect the 2006/07 Finance Department work plan.

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**REDEVELOPMENT AGENCY OF  
THE CITY OF MORGAN HILL**

**Monthly Financial and Investment Reports**

**May 31, 2007 – 92% Year Complete**



**CITY OF MORGAN HILL  
REDEVELOPMENT AGENCY**

**Prepared by:  
FINANCE DEPARTMENT**



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA  
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2006/07  
FOR THE MONTH OF MAY 2007 - 92% OF YEAR COMPLETE

**Revenues**

Through May 31, the Redevelopment Agency received \$24,015,724 of 2006/07 property tax increment revenues (including \$2,630,923 that was passed through to other jurisdictions including the City of Morgan Hill). Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of May 31, 2007, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$139,367,471, net of pass-through obligations to other agencies, toward the plan amendment cap of \$247,000,000. All tax increment revenues to be collected during 2006/2007 will be collected under the plan amendment that provided for the \$247,000,000 cap.

An amount of \$8,384,792 in interest earnings and other income was received during this fiscal year. This total includes a \$2 million loan from the California Housing Finance Agency to be loaned out for the Madrone Plaza Affordable Housing Project, a \$1.4 million loan reimbursement for Royal Court Apartments, and \$3.6 million in Library bond proceed reimbursements.

**Expenditures**

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$32,395,517, or 61% of the budget. Of this total, \$11,950,592 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, 39% of the Capital Improvement Projects budget would have been expended. Expenditures for administrative costs for employee services, supplies, and contract services were 92% of budget. Through May 2007, CIP project expenditures totaled approximately \$15,182,658, including \$8,866,000 on the Library, \$5,044,000 on the Centennial Recreation Center, \$406,000 on Depot Street Reconstruction, \$281,000 on Street Resurfacing, \$192,000 on Tennant Ave Widening, and \$187,000 on the Outdoor Sports Center.

Expenditures plus encumbrances for Housing were at 71% of the budget for a total of \$7,288,053. Major projects this year have included the expenditure of \$560,000 for the Habitat for Humanity San Pedro Garden Project, \$3,658,000 for the Urban Housing Communities Horizons Project, and \$1,600,000 for Madrone Plaza. All of the 2006/07 capital project and housing related expenditures have been funded with tax increment collected under the plan amendment subject to the \$247 million cap.

**Fund Balance**

The unreserved fund balance of \$176,890 for the Capital Projects Fund consisted entirely of monies collected under the plan amendment subject to the \$247 million cap. This fund balance includes commitments to pay for future obligations to pay an additional \$875,000 for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If these future commitments are subtracted from the \$176,890, the remaining unreserved fund balance at May 31 would be a negative (\$2,308,110). However, these commitments are expected to be paid out over the next several years and will be funded by future revenues. The Capital Projects Fund cash balance at May 31 was \$12,158,195.

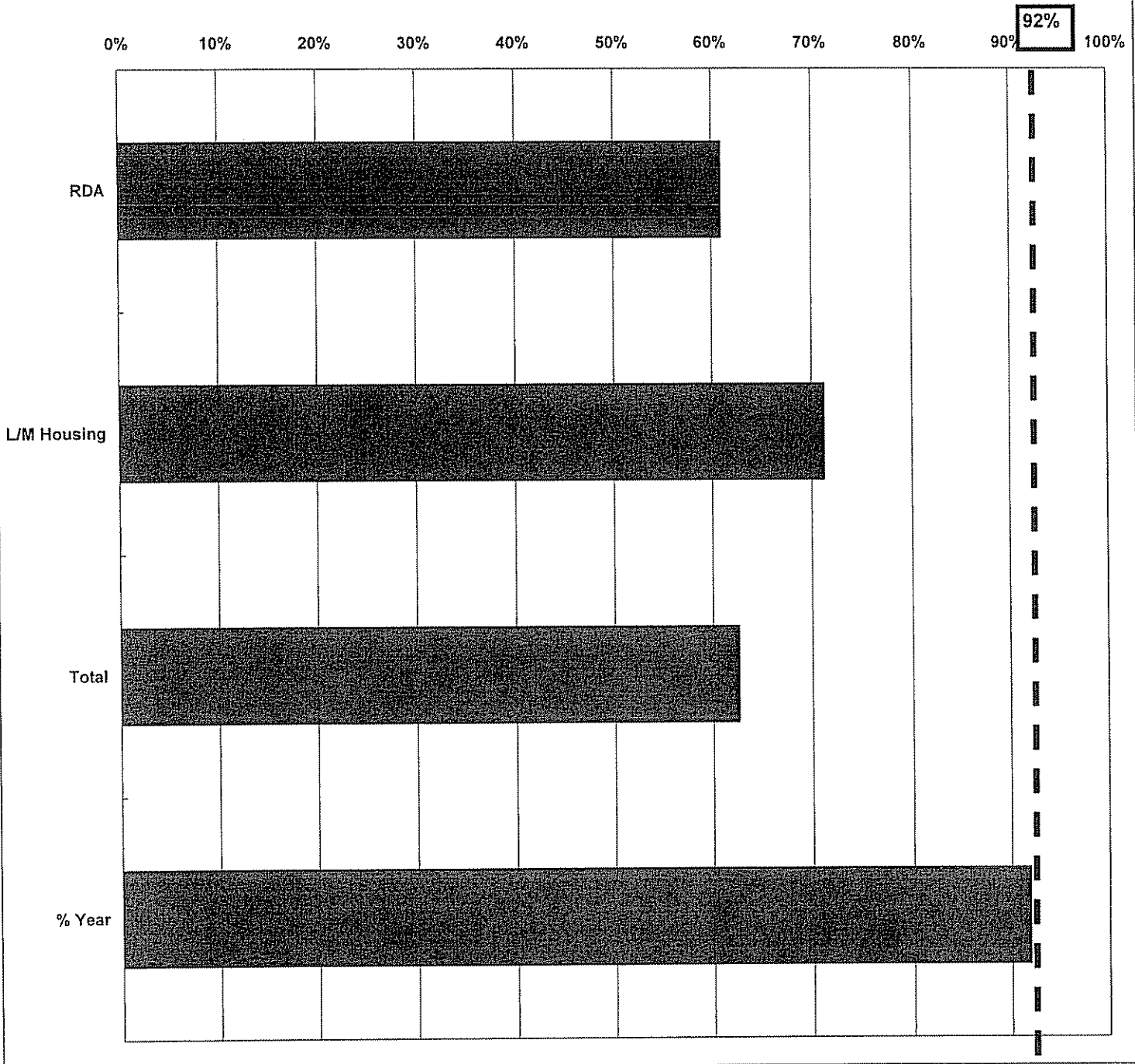
The unreserved fund balance of \$9,850,431 for the Housing Fund at May 31 consisted of funds all collected under the plan amendment subject to the \$247 million cap.



# Redevelopment Agency YTD Expenditures

May 31, 2007

Percent of Actual to Budget



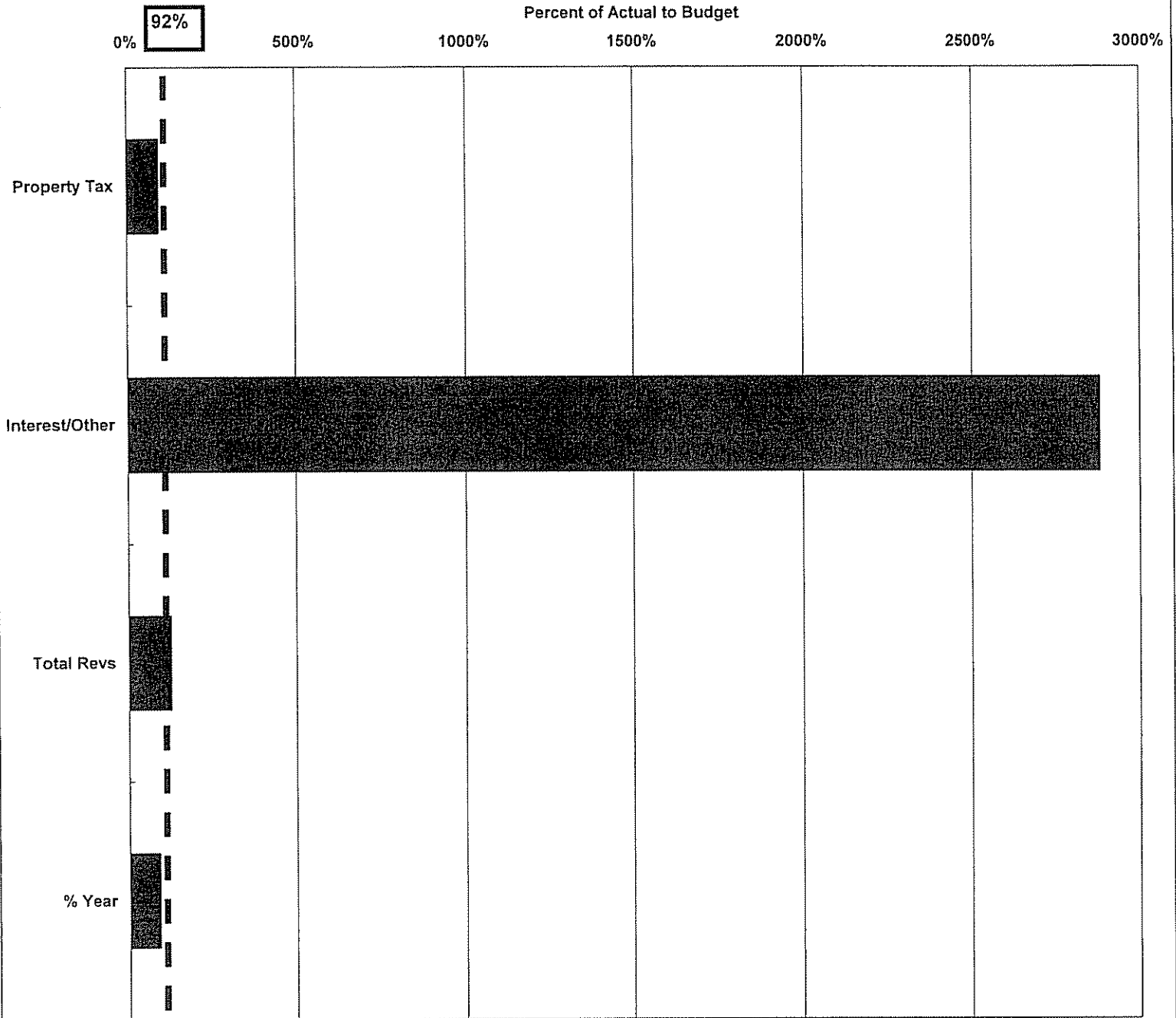
Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$53,092,659	\$32,395,517	61%
HOUSING	10,217,193	7,288,053	71%
TOTALS	\$63,309,852	\$39,683,570	63%





# Redevelopment Agency YTD Revenues

May 31, 2007



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$25,157,965	\$24,015,724	96%	\$22,289,464	8%
INTEREST INCOME/RENTS/OTHER	\$290,753	\$8,384,792	2884%	\$2,622,909	220%
TOTALS	\$25,448,718	\$32,400,516	127%	\$25,628,608	26%

Redevelopment Agency  
Fund Balance Report - Fiscal Year 2006/07  
For the Month of May 2007  
92% of Year Complete



Fund No.	Fund	Fund Balance 06-30-06	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$9,340,846	23,302,610	112%	20,444,925	39%	2,857,685	12,021,641	176,890	\$12,158,195	
327/328	HOUSING	\$8,214,938	9,097,906	194%	7,148,332	70%	1,949,574	314,081	\$9,850,431	\$10,110,695	
<b>TOTAL CAPITAL PROJECT FUNDS</b>		<b>\$17,555,784</b>	<b>32,400,516</b>	<b>127%</b>	<b>27,593,257</b>	<b>44%</b>	<b>4,807,259</b>	<b>12,335,722</b>	<b>10,027,321</b>	<b>22,268,890</b>	
<b>SUMMARY BY FUND TYPE</b>											
CAPITAL PROJECTS GROUP		\$17,555,784	32,400,516	127%	27,593,257	44%	4,807,259	12,335,722	10,027,321	22,268,890	
<b>TOTAL ALL GROUPS</b>		<b>\$17,555,784</b>	<b>32,400,516</b>	<b>127%</b>	<b>27,593,257</b>	<b>44%</b>	<b>4,807,259</b>	<b>12,335,722</b>	<b>10,027,321</b>	<b>22,268,890</b>	
<b>TOTAL CASH AND INVESTMENTS</b>										<b>22,268,890</b>	

<sup>1</sup> Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency  
Year to Date Revenues - Fiscal Year 2006/07  
For the Month of May 2007  
92% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
<b>CAPITAL PROJECTS FUNDS</b>							
<b>317 CAPITAL PROJECTS</b>							
Property Taxes & Supplemental Roll	20,623,665	20,623,665	19,174,146	93%	17,831,571	-	8%
Loan Proceeds	-	-	30,294	n/a	716,235	-	-96%
Interest Income, Rents	125,890	125,890	377,295	300%	667,514	-	-43%
Other Agencies/Current Charges	-	-	3,720,875	n/a	1,188,794	-	n/a
<b>TOTAL CAPITAL PROJECTS</b>	<b>20,749,555</b>	<b>20,749,555</b>	<b>23,302,610</b>	<b>112%</b>	<b>20,404,114</b>	<b>2,898,496</b>	<b>14%</b>
<b>327/328 HOUSING</b>							
Property Taxes & Supplemental Roll	4,534,300	4,534,300	4,841,578	107%	4,457,893	383,685	9%
Interest Income, Rent	151,510	151,510	493,644	326%	360,046	133,598	37%
Other	13,353	13,353	3,762,684	na	406,555	3,356,129	826%
<b>TOTAL HOUSING</b>	<b>4,699,163</b>	<b>4,699,163</b>	<b>9,097,906</b>	<b>194%</b>	<b>5,224,494</b>	<b>3,873,412</b>	<b>74%</b>
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>25,448,718</b>	<b>25,448,718</b>	<b>32,400,516</b>	<b>127%</b>	<b>25,628,608</b>	<b>6,771,908</b>	<b>26%</b>

FUND NO	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET	PRIOR YTD
317 CAPITAL PROJECTS								
	Tax Increment Pass Thru		2,683,750	2,630,923		2,630,923	98%	2,361,832
	ERAF					-	n/a	1,856,914
	BAHS Administration	125,987	2,016,592	1,811,611	48,564	1,860,175	92%	1,633,278
	BAHS Economic Development	75,376	3,973,384	819,733	345,941	1,165,674	29%	1,773,561
	BAHS CIP	<u>1,431,113</u>	<u>44,418,933</u>	<u>15,182,658</u>	<u>11,556,087</u>	<u>26,738,745</u>	<u>60%</u>	<u>13,251,247</u>
	TOTAL CAPITAL PROJECTS	<u>1,632,476</u>	<u>53,092,659</u>	<u>20,444,925</u>	<u>11,950,592</u>	<u>32,395,517</u>	<u>61%</u>	<u>20,876,832</u>
327 AND 328 HOUSING								
	Housing	<u>72,930</u>	<u>10,217,193</u>	<u>7,148,332</u>	<u>139,721</u>	<u>7,288,053</u>	<u>71%</u>	<u>4,638,676</u>
	TOTAL HOUSING	<u>72,930</u>	<u>10,217,193</u>	<u>7,148,332</u>	<u>139,721</u>	<u>7,288,053</u>	<u>71%</u>	<u>4,638,676</u>
TOTAL CAPITAL PROJECT FUNDS								
		<u>1,705,406</u>	<u>63,309,852</u>	<u>27,593,257</u>	<u>12,090,313</u>	<u>39,683,570</u>	<u>63%</u>	<u>25,515,508</u>



Redevelopment Agency of the City of Morgan Hill  
 Balance Sheet Report - Fiscal Year 2005/06  
 For the Month of May 2007  
 92% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
<b>ASSETS</b>		
Cash and investments:		
Unrestricted	12,158,195	10,110,695
Accounts Receivable	28,760	
Loans Receivable <sup>1</sup>	3,263,020	37,714,945
Advance to Other Funds		
Fixed Assets <sup>2</sup>	71,049	174,360
Other Assets		
Total Assets	15,521,024	48,000,000
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	35,597	21,304
Deposits for Water Services & Other Deposits		2,000
Deferred Revenue <sup>3</sup>	3,286,896	37,812,184
Accrued Vacation and Comp Time		
Total liabilities	3,322,493	37,835,488
<b>FUND BALANCE</b>		
Fund Balance		
Reserved for:		
Encumbrances	11,950,592	139,721
Advance to Other Funds		
Properties Held for Resale	71,049	174,360
Loans and Notes Receivable		
Total Reserved Fund balance	12,021,641	314,081
Unreserved Fund Balance	176,890	9,850,431
Total Fund Balance	12,198,531	10,164,512
Total Liabilities and Fund Balance	15,521,024	48,000,000

<sup>1</sup> Includes Housing Rehab loans and loans for several housing and Agency projects.

<sup>2</sup> Includes RDA properties held for resale.

<sup>3</sup> Includes the deferred payment portion of the loans noted above.

**CITY OF MORGAN HILL  
JOINT REGULAR CITY COUNCIL AND  
REGULAR REDEVELOPMENT AGENCY MEETING  
MINUTES – JUNE 6, 2007**

**CALL TO ORDER**

Mayor/Chairman Tate called the meeting to order at 7:00 p.m.

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Grzan, Lee, Sellers, and Mayor/Chairman Tate

**DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

**CERTIFICATES OF APPRECIATION**

Mayor Tate indicated that on May 24, 2007, several classrooms from P.A. Walsh and St. Catherine's Schools participated in "Public Works Awareness Day" activities; featuring the Public Works Department. As part of the activities, three fire hydrants were delivered to each school for students to paint in a colorful theme of their choosing. Their completed artistic creations were displayed the day of the event. It was his job to pick a winning entry from each school to be installed as a working hydrant near the schools. As all entries were colorful and artistically done, it was declared that all six were winners. He indicated that three categories were created for each school: most creative, most original and most environmental. He stated that all hydrants have been installed and are fully functional. He presented certificates to the following teachers: Mrs. Smith, Mrs. Beale, and Mrs. Best from P.A. Walsh Elementary School; and Mrs. Hannon, Mrs. Quinn, and Ms. Reed (not present) from St. Catherine's School; recognizing the students from both schools for participating in the Public Works Awareness Day activities.

Mayor Tate recognized Public Works staff member Jay Jaso for all his work in putting this event together.

**PROCLAMATIONS**

**RECOGNITIONS**

Mayor Tate presented outgoing Planning Commissioner Ralph Lyle with a plaque; recognizing him for his 14-years of service, and his many years of volunteer hours/contributions to the community prior to being appointed to the Planning Commission; especially his knowledge of the City's growth control

ordinance. He said that everything Mr. Lyle has done for the community has been a labor of love because he wants to make this community a better place.

Mr. Lyle thanked the various council members for appointing him to the Planning Commission throughout the years, and to the planning commissioners for working well together at resolving issues for the city, and for their forbearance. He expressed his pleasure in working with City staff as they do a fine job for the City and do not receive a lot of recognition. He thanked the other City boards and commissions, and the volunteers who put a lot of time into the community. He felt that the community is a much better place because of this. He said that the City is blessed with a community of developers that, by in large, go the extra mile and have a real interest in the community; making sure that things go well for the community. He stated that he has greatly enjoyed his experience in working on the various issues, and seeing projects develop to fruition. Although he is no longer on the Commission, it is his hope to continue to be involved on committees/issues as they come up.

Council Member Grzan thanked Commissioner Lyle for his years of service and dedication to the community. He has always found Mr. Lyle to be a man of great reason who took the commissioner's job seriously, and provided great counsel/insight to the commission and the Council. He felt that Mr. Lyle was the model commissioner for the community as he gave much of his time to do good things; truly caring about Morgan Hill and his responsibilities. He did not believe that Mr. Lyle will be gone, as he would return to the City in a different manner/capacity.

The recognition of outgoing Architectural and Site Review Board Member Jerry Pyle was deferred to a future meeting.

### **CERTIFICATES OF RECOGNITION**

Mayor Tate indicated that Police Corporal Bill Norman and Police Reserve Officer Ken DeLuna were recently recognized at the Gilroy's Exchange Club - Blue and Gold Award ceremony for outstanding police work. He presented both officers with a certificate of recognition; acknowledging their public safety service, and their efforts in keeping the community safe.

### **CITY COUNCIL REPORT**

Council Member Lee reported that she has been attending the Chamber of Commerce's Economic Development Committee meetings. She indicated that she receives feedback from some of the business leaders who are members of the Chamber. One of the highlights from the last meeting was receiving a preview of the signage proposed for the downtown area. She stated that the signage was met with a lot of positive feedback, and that everyone is excited about the signage. The Community & Economic Development Committee is moving forward with the proposal from the Business Improvement Organization. She stated that the Organization will be returning to the Council with a proposal in July 2007. In addition, she has been meeting with some of the groups she met during the Fall 2006 election campaign to receive information on how things are going, and to listen to any concerns that may have come up. She recently met with some of the residents at Hacienda Mobile Home Park to find out how things are going. It was indicated that things are going well except that they still have concern about traffic in the area. She said that she will be looking into this concern. She met with Dan Ehrler and

Theresa Kiernan about some of her ideas relating to programs that will assist in presenting the Council with feedback on how tourism and shopping are going, and ways to measure these activities. She stated that she received a call from a representative with Senator Abel Maldonado's office regarding the group home issue. It was her belief they will be meeting with individuals with the Development Disabilities Services (DDS) to address some of the issues raised by the Council and the neighbors. She has not heard back from his office, but that it was her hope that by the next Council meeting, she will have some more information to report.

### **CITY COUNCIL COMMITTEE REPORTS**

Mayor Tate said that in order to prepare an outline for the public safety workshop scheduled for July 20, 2007, the Public Safety & Community Services Committee is requesting that discussion items be submitted to them by next Friday, if at all possible.

### **CITY MANAGER REPORT**

City Manager Tewes reported on Consent Calendar Item 5 – a recommendation that the Council adopt a resolution to amend the resolution that establishes the salaries for city employees. He felt it important to remind the Council and the community that salaries of city employees are subject to three important controls, all of which are adopted by the Council as part of the public record. He said that next week, the Council may be adopting the Fiscal Year 2007-08 budget. He noted that two controls are contained within the budget: 1) the number and allocations of positions (city position approved by the council when the budget is adopted); and 2) the City cannot spend more on salaries than has been budgeted by the Council. When the Council adopts the budget, it establishes limits on what departments can spend on salaries. He said that the third control is similar to what is being amended under agenda item 5. He indicated that the Council establishes the salary ranges for all employees by formal action. The City has employee groups that are represented, and that the City is required, by State law, to negotiate in good faith with these employee groups. The City and the employees reach collective bargaining agreements in the Memorandum of Understanding (MOU). The MOUs establish rules and procedures on how salaries and pay will be afforded to employees covered in these groups. For those employees not governed by labor contracts, the City Council adopts a resolution similar to the one it will be amending under item 5 – establishing the salary ranges. He announced that all labor contracts and salary ranges are available to the community and the public; easily accessible from the City's website.

### **CITY ATTORNEY REPORT**

City Attorney Kern stated that she did not have a report to present this evening.

### **OTHER REPORTS**

### **PUBLIC COMMENT**

Mayor/Chairman Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.



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## ***City Council and Redevelopment Agency Action***

### **ADOPTION OF AGENDA**

**Action:**        *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-chair Carr, the City Council/Agency Board unanimously (5-0) **Adopted** the Agenda, as printed.*

## ***City Council Action***

### **CONSENT CALENDAR:**

Council Member Grzan requested that Item 1; and Council Member Lee requested that Items 2 and 5 be removed from the Consent Calendar.

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Approved** Consent Calendar Items 3, 4, 6 and 7 as follows:*

3.        **AMENDMENT TO HOUSEHOLD HAZARDOUS WASTE COLLECTION SERVICES AGREEMENT**

**Action:**   ***Authorized** the City Manager to Execute the Amendment to the Agreement with the County; Subject to the Inclusion of Funding in the Adopted Fiscal Year 2007-2008 City Budget and the Review and Approval of the City Attorney.*

4.        **AMENDMENT TO COUNTYWIDE AB-939 IMPLEMENTATION FEE AGREEMENT**

**Action:**   ***Authorized** the City Manager to Execute the Amendment with the County; Subject to Review and Approval by the City Attorney.*

6.        **AMENDMENT OF COMMUNITY DEVELOPMENT DEPARTMENT CONSULTANT AGREEMENTS**

**Action:**   ***Authorized** the City Manager, Subject to Review and Approval by the City Attorney, to Execute the Amendments to Existing Community Development Department Agreements.*

7.        **ADOPT ORDINANCE NO. 1838, NEW SERIES**

**Action:**   ***Waived** the Reading, and **Adopted** Ordinance No. 1838, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, AMENDING CHAPTER 1.24 OF TITLE 1; AND AMENDING VARIOUS CHAPTERS [6.08.020, 6.08.030, 6.12.180 THROUGH 6.12.200, 6.24.030, 6.24.035, 6.28.010, 6.28.040, 6.32.080] OF TITLE 6; AND ADDING VARIOUS CHAPTERS [6.28.025, 6.28.035, AND 6.28.070 THROUGH 6.28.140] TO TITLE 6 AND DELETING CHAPTER 6.24.085 OF TITLE 6 OF THE MORGAN HILL***

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***MUNICIPAL CODE REGARDING POTENTIALLY DANGEROUS DOGS AND  
DANGEROUS AND VICIOUS ANIMALS, AS AMENDED.***

**1. CITY SPORTS FIELD RESIDENT RATE CRITERIA**

Council Member Grzan inquired why the 85% Morgan Hill residency requirement was initially established, and why is it being recommended to be reduced to a 60% residency requirement. He further inquired whether staff has comparison data from other agencies as well as the percentages they use.

City Manager Tewes noted that at an earlier Council meeting, the Council heard a presentation from staff regarding the rules and regulations that are to apply to the new outdoor sports center. He indicated that the 85% residency requirement was recommended based on the review from other communities. The Council also heard from a representative with the Orchard Valley Soccer organization who suggested, and requested that the residency number be lowered. The Council referred the request to the Parks & Recreation Commission. The Commission considered the request, and has forwarded the recommendation before the Council this evening. He said that the 60% residency requirement is not inconsistent with the percentages used by other agencies. He indicated that staff did not use a particular formula to arrive at the 60% recommendation.

Council Member Grzan said that setting an 85 percentage criteria encourages having a good number of Morgan Hill youth involved in sports programs. Should the City settle to the percentage being recommended, he felt the City would not encourage sports groups to recruit Morgan Hill youth. He stated that he would like to see a much higher percentage used as other agencies use a much higher number. Based on his concerns, he would not support the recommendation.

Council Member Sellers noted that the Orchard Valley Soccer organization has a significant presence in the community, and that there are many youth in the community that participate in the soccer program. Should the City keep the 85% residency requirement, the City may end up with sports groups not using Morgan Hill facilities versus having 60% of several Morgan Hill youth participating in sports programs. He noted that the Parks & Recreation Commission, strong advocates for our youth and the community, are recommending a 60% residency requirement.

**Action:**        *Council Member Sellers made a motion, seconded by Mayor Pro Tempore Carr, to Approve the Revision of the Sports Field Resident Rate Criteria from 85 Percent to 60 Percent.*

Mayor Pro Tempore Carr stated that his initial reaction was similar to that of Council Member Grzan. However, after thinking about the practical use of the percentage rather than the theoretical policy, he felt that 85% was too high. He said that in the teams his children have participated in and the teams that he has coached, most of the teams would not qualify under the current percentage. He noted that the Morgan Hill Unified School District is not of the same geographical boundaries of Morgan Hill and that it would result in most of the sports teams not being able to achieve the 85% Morgan Hill residency requirement. He felt that the evaluation conducted by the Parks & Recreation Commission makes sense.

Council Member Grzan suggested that the Council waive, by exception, specific groups and activities to have a lower standard/percentage for a period of time, on a case by case basis; but always encouraging a higher standard/number.

Council Member Sellers recommended that Council Member Grzan's suggestion be referred back to the Parks & Recreation Commission to ask them if they would like to further revise the policy or consider other options; returning to the Council with any other recommendations.

Council Member Lee inquired as to the difference in rates for residents and non residents.

Recreation & Community Services Director Rymer said that the rates are doubled for non resident teams. He said that previous to last July 2006, the City's policy was at the 60% range. When the Parks & Recreation Commission recommended, and the Council approved the rate structure to start charging fees for the use of fields, this was the time the Commission recommended the 85% residency requirement. He informed the Council that the 85% residency requirement started to exclude some of the teams. He clarified that the recommendation before the Council is reverting back to a policy that was in place since 2002.

City Attorney Kern stated that the City wants to be careful in the establishment of a policy where it would be subject to exceptions. She noted that the City would have to establish a criteria for the exceptions; otherwise, it could be viewed as being discriminatory on how the City would decide one group would receive an exception and another would not (e.g., fairness across the board parameters).

Council Member Grzan recommended that there be opportunities for exceptions instead of having rigid policies in place.

Mayor Tate recommended that the Council implement the 60% residency requirement this evening as the City will get experience when the fields are opened. The Council could make adjustments, if needed. It was his belief the Parks & Recreation Commission would be reviewing the residency requirement/fees, and would return to the Council with recommendations; considering the direction Council Member Grzan is suggesting.

**Vote:**            *The motion carried 4-1 with Council Member Grzan voting no.*

## **2. PURCHASE OF PUBLIC WORKS VEHICLE**

Council Member Lee noted that the staff report indicates the City utilized a state bid to purchase the vehicle. She inquired whether staff received any other competitive bids.

Public Works Director Ashcraft indicated that staff does not go through any other comparison on standard vehicles other than the State bid. He stated that staff will go out to bid for speciality vehicles and award the contract on the City's bid or the State bid. He said that with most City vehicles, staff has found that you cannot beat the State bid.

Council Member Lee inquired why a different account number was used for the computer hardware.

Public Works Director Ashcraft responded that the price that staff set aside to purchase the vehicle was not enough to purchase the vehicle (\$43,000+ - including delivery). Staff set \$38,000 aside for the purchase of the vehicle, and that staff needed another \$5,000. He said that staff looked at the wastewater department's budget and found that under other categories, capital expenses, there were computer expenses that had not been expended this year. Therefore, staff used capital funding as there were cost savings this year in the enterprise account that was used to make up the difference.

**Action:**        *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council unanimously (5-0): 1) Authorized the Purchase of a Three-Yard Dump Truck Through the State of California General Services Procurement Process for a Total Cost of \$43,819; and 2) Declared Vehicles as Surplus and Authorized Sale at Auction.*

**5.     AMEND RESOLUTION REGARDING TEMPORARY AND SEASONAL EMPLOYEE COMPENSATION**

Council Member Lee noted the staff report indicated that staff reviewed a similar position with the City of Gilroy. She inquired whether staff has the salary range for the City of Gilroy.

Human Resources Director Fisher indicated that she does not have the exact figures for the City of Gilroy. However, the City of Gilroy's salary range for the government access technician was approximately \$16.50 - \$23. She said that it was staff's belief that the range before the Council was the appropriate range for this particular position.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0), Adopted Resolution No. 6070, Amending Resolution No. 6062 Regarding Temporary and Seasonal Employee Compensation.*

***Redevelopment Agency Action***

**CONSENT CALENDAR:**

**Action:**        *On a motion by Agency Member Sellers and seconded by Vice-chair Carr, the Redevelopment Agency Board unanimously (5-0) Approved Consent Calendar Item 8 as follows:*

**8.     AWARD OF ULTRAVIOLET TREATMENT SYSTEMS PROJECT FOR THE AQUATICS CENTER AND COMMUNITY AND CULTURAL CENTER INTERACTIVE WATER FOUNTAINS**

**Action:**    *1) Awarded Contract in the Amount of \$118,861 to Knorr Systems, Inc. to Furnish and Install Two Ultraviolet Treatment Systems; and 2) Authorized Expenditure of Construction Contingency Funds not to Exceed \$11,886*

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## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

**Action:**      *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-chair Carr, the City Council/Agency Board unanimously (5-0) **Approved** Consent Calendar Item 9 as follows:*

9.      **JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF MAY 18, 2007**

**Action:** ***Approved** the Minutes as submitted.*

## ***City Council Action***

### **PUBLIC HEARING:**

10.      **2007 HAZARDOUS BRUSH PROGRAM COMMENCEMENT REPORT**

Council Services and Records Manager Torrez informed the Council that the City controls the growth of hazardous vegetation under the authority set forth in Chapter 8.20 of the Morgan Hill Municipal Code and in Government Code Sections 39560, and following. The City has a contract with the Santa Clara County Fire Marshal's Office to provide County abatement if the property owner does not maintain the property, as required.

Ms. Torrez stated that on December 20, 2006, the Council adopted a resolution declaring hazardous vegetation to be a nuisance and ordered its removal, and that the Resolution sets this evening as the date to conduct a public hearing on the brush abatement program. As part of the 2007 Hazardous Vegetation Management Program, Santa Clara County Fire Department staff inspected properties in the hazardous hillside areas. She informed the Council that 14 parcels in Morgan Hill have been identified as having, or potentially having a problem with hazardous brush.

Ms. Torrez stated that the County's contractor will commence abatement work during the month of June. Staff plans to return to the Council on July 27, 2007 to present a list of property assessments. She said that the assessments must be submitted to the County Assessor's Office prior to August 10, 2007. Staff recommends the Council open the public hearing and that the Council accepts the 2007 Hazardous Brush Program Commencement Report. She informed the Council that Julie Linney, Sr. Deputy Fire Marshal, was in attendance, should the Council or citizens have any questions.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

**Action:**      *On a motion by Council Member Lee and seconded by Council Member Sellers, the City Council unanimously (5-0) **Accepted** the 2007 Hazardous Brush Program Commencement Report.*

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## ***City Council and Redevelopment Agency Action***

### **PUBLIC HEARINGS:**

#### **11. PUBLIC HEARING ON PROPOSED FISCAL YEAR 2007-2008 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET**

Finance Director Dilles addressed the City Manager's proposed Fiscal Year 2007-08 budget. He noted that on May 18, the Council conducted an all day budget workshop, and that the Council reviewed the budget in great detail. He presented a cursory overview of the budget; indicating that the Council would have the opportunity to ask questions and the public will have the opportunity to comment on the proposed budget. He stated that the charts to be presented this evening will focus primarily on the general fund; indicating that the entire budget proposed for Fiscal Year 2007-08 is \$141 million. He addressed the discretionary revenues for the general fund, the revenues to which the Council has discretion on how to spend. He stated that public safety (police and fire) represents approximately 80% of the discretionary general fund revenues. He addressed the cumulative change in the use of discretionary revenues from the 2001-02 budget and the proposed 2007-08 budget; indicating that the City is spending \$4.5 million more in next year's proposed budget than was spent in 2001-02. He stated that staff used the 2001-02 budget year because this was the year the City brought on line some of the new recreational facilities. He addressed the net impact/net cost of recreation services to the general fund. Next year, the City will be spending less discretionary dollars on recreation (less than \$1.4 million). He addressed the City's key revenue sources for the general fund (e.g., sales tax, property tax, transient occupancy tax, gas tax), and certain assumptions.

Finance Director Dilles stated that the budget shows an operating margin cost of approximately \$377,000. Should the City combine this number with what it anticipates will be \$212,000 in salary savings, the City would expect to receive \$589,000 next year as the operating margin cost. This number exceeds the goal the Council set at the January 2007 retreat of \$550,000. He informed the Council that staff attached to the staff report the funding requests from the Chamber of Commerce and the Downtown Association that were discussed at the budget workshop. He indicated that staff is not asking the Council to approve the budget this evening as this action will occur on June 13, 2007. Staff recommended the Council conduct a public hearing, ask questions, and provide guidance relating to the Fiscal Year 2007-08 proposed budget.

Mayor/Chairman Tate opened the public hearing.

Theresa Kiernan, Executive Director, Morgan Hill Downtown Association, thanked the Council for its past support, and offered to respond to questions relating to this year's funding request.

Mayor/Chairman Tate indicated that Ms. Kiernan responded, in a letter, to some of the points raised at the budget workshop. He noted that the letter states that the Downtown Association would conduct a projection over several years. It was his understanding that Ms. Kiernan could not provide the projection this evening. He encouraged Ms. Kiernan to look at providing projections going forward so that when she returns for funding next year, the Council can review the long range plan and how it is shaping up.

Ms. Kiernan said that she would like to be able to return with projections moving forward. She said that an events coordinator can track events, and that the Downtown Association can determine the amount of work going into sponsorships, fees, etc., associated with an event, be able to track the information, and project what they can expect 2-3 years out. She stated that the Downtown Association would like to stand on its own feet, financially, better than they have been able to do in the past.

Council/Agency Member Grzan noted that the event coordinator position has been reduced from \$40,000 to \$20,000. He noted the letter indicates that it is expected that the Downtown Association can produce at least 50% of the cost associated with the events coordinator position through additional revenues.

Ms. Kiernan informed the Council that the Downtown Association felt that it would be a much better proposal for the Council to look at a part time position versus a full time position for this current year. She stated that she would like to bring on board an employee who is interested in increasing hours/pay, and has the same passion of supporting the Downtown Association; thus, the reason for the reduction to a half time position.

Council/Agency Member Grzan indicated that he is familiar with the events coordinator position in different areas with salaries at \$80,000-\$90,000 per year. He inquired what the Downtown Association expects to find with a half-time salary of \$20,000.

Ms. Kiernan said that it is their hope to find a well qualified candidate interested in working with the Downtown Association. She indicated that the pay scale is lower in Morgan Hill, and that individuals are willing to take the lower pay because they can work and live in this community. She informed the Council that two individuals have approached her about the position after hearing the “buzz” out there that she may be looking to hire someone. She said that there would be an opportunity for the event coordinator to make this job what they want it to be, as long they put an effort into it.

Dan Ehrler expressed his appreciation to City Manager Tewes and staff, and to the Council for its consideration of the budget on behalf of Laura Brunton, 2007 Chamber of Commerce Chairperson, and the Board of Directors. He stated that he would agree to answer any questions the Council may have.

Sherry Purser thanked the Council for increasing the budget for public safety, but expressed concern that there is no budget allocated for street maintenance and/or road improvements. She noted there are several streets in the City that have potholes. She requested the Council include funding for street maintenance.

City Manager/Executive Director Tewes noted that Finance Director Dilles addressed transfers from the general fund to the street fund; suggesting that in the past, the City had cut this transfer out. He said that staff is recommending that a modest transfer be reinstituted. He stated that the street and road maintenance is recommended to be allocated at \$1.6 million annually, and that there is a capital improvement program in addition to this funding that will provide for the reconstruction and resurfacing of streets, from time to time. He clarified that Finance Director Dilles was focusing on the fact that this budget is relatively flat, and that in order to keep pace with inflation, the City needs to reinstitute a transfer from general tax resources to the street fund. Should a resident notice a pothole, they can

contact the Public Works Department. He indicated that the City conducts periodic pavement maintenance surveys. It is not only about the potholes, but about the ride ability of the streets and their conditions. He said the City needs to preserve streets. Should a lot of cracks and potholes develop, it costs more to replace the street than it would to properly maintain it. Therefore, maintenance is an important issue for the City.

No further comments being offered, the public hearing was closed.

City Manager/Executive Director Tewes indicated that the proposed \$141 million budget includes \$41.5 million worth of capital projects. With the Council's adoption of the budget, staff would begin the design and/or construction of some of the projects. In one instance of concern to members of the public, the City may need to acquire right of way, such as for the extension of Santa Teresa Boulevard. Should the Council adopt the budget next week, staff would begin the acquisition of the necessary right of way for the extension of Hale Avenue to Santa Teresa Boulevard.

Council/Agency Member Grzan inquired as to staff's recommendation/Council's intended action on the requests from the Chamber of Commerce and the Downtown Association.

Mayor/Chairman Tate said that the Chamber of Commerce and Downtown Association's funding requests were discussed at the conclusion of the budget workshop. It was his belief the Council gave staff direction to include the requested funding this year, with a lot of caution. He stated that these agencies should not be expecting automatic funding next year, and following.

City Manager/Executive Director Tewes stated that the City still needs to enter into contracts with the organizations that specify the expected work, various controls, and accountabilities. The money to be set aside will be embodied in subsequent contracts.

Council/Agency Member Sellers stated that it is exciting to be able to see an increase in public safety as this is what everyone has wanted to see happen. He said that public safety has been increased appropriately by means of an assessment of the City's situation, and in figuring out a way to use funds. He was pleased the Council did not just state the City needs additional police officers, only to try and find funding to pay for additional police officers. He reiterated his concern of where funding for public safety is coming from. It was his belief that public safety should be funded from the general fund as the City has a sufficient reserve to be able to maintain a public safety level. He was in support of the concept of the addition of police officers, and will support the budget. However, he felt it was important that these concerns are raised next week as it was his hope that the use of Redevelopment Agency funds for increased police officers will be a short lived pool of money the City is tapping into.

Mayor/Chairman Tate stated that it was his belief the Council understood and shared Council/Agency Member Sellers' concerns. He complimented and thanked Finance Director Dilles, Budget Manager Murray, City Manager Tewes, and the entire City staff for doing an outstanding job in meeting all of the Council's goals in terms of this budget. He said that City staff brought forth a budget that he hoped would be approved by the Council next week.



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**Action:**        *The Council/Redevelopment Agency Discussed the Fiscal Year 2007-2008 Proposed Budget.*

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## **12.     UNITED WAY 2-1-1 PROGRAM FUNDING REQUEST**

Kirstin Ruf, 2-1-1 Santa Clara County Manager, presented the Council with an update on the 2-1-1 Santa Clara County Service, and thanked the Council for its contribution as the first city in Santa Clara County to support this program. She indicated that she is responsible for the overall operations of the 2-1-1 call center. She stated that individuals throughout the County can call 2-1-1, a simple three digit number, 24-hours a day, 365 days per year. A major benefit of 2-1-1 is that it is free, easy to remember and that one call connects individuals to thousands of community services; providing assistance in various languages. She said that 2-1-1 has the ability to provide quick and accurate information in times of disasters. As this is a United Way Program, they have several connections with companies and corporations who see 2-1-1 as an incredible benefit to their employees. She informed the Council that it is a goal to have 2-1-1 implemented state-wide, and to provide coverage for all California residents by 2010. Further, that they have incredible cooperative agreements across the region/country. She informed the Council that the 2-1-1 call center has been approved by the California Public Utilities Commission to provide this service. As such, they must have a live call specialist answering 2-1-1 calls 24-hours a day, 7 days a week, and that the service has to be accessible regardless of language or disability. She indicated that this is a free service, and that calls are anonymous and confidential.

Ms. Ruf addressed measurements and the different standards they are looking at. She said that they have an extremely extensive data base that is used to track referral services, needs of callers, and the calls coming in. She informed the Council that they have an interactive website, and that they will be launching services on line. She indicated that they have servers in Sacramento, Fremont, and San Jose with the call center being located in Ventura County. This was done to ensure that in any disaster situation, 2-1-1 Santa Clara County will be up and running for individuals to use.

Ms. Ruf stated that since the 2-1-1 call center was launched on February 9, 2007, they have received over 4,191 calls; 65 calls coming from Morgan Hill. She informed the Council that the number one service request has been for rent payment assistance; followed by utility bill payment assistance, and emergency/homeless shelter assistance. She said that most of the calls come from San Jose; followed by Santa Clara. She indicated that they are tracking the calls by city and zip code in order to provide an assessment of where the calls originate, the types of assistance being requested, and how they were able to refer the requests. She stated that individuals have found out about the 2-1-1 call center through agencies and friends/families.

Ms. Ruf presented a certificate to the City of Morgan Hill for being a Legacy Donor that helped launch the 2-1-1 service in Santa Clara County. She thanked the Council for being a supporter, and for being the first city to step up and support 2-1-1 in Santa Clara County.

Council/Agency Member Sellers stated that the 2-1-1 program was a bit of a leap for the Council last year. He said that it was exciting to see this service come together. He noted that the Council has to determine the appropriate funding level, and the direct connection to this community. He was pleased the City would be able to receive data that is being tracked. He said that the Council has limited funding

resources from Community Block Grants. He felt that it would be easy to fund this program based on proportionality in terms of the number of calls received or population. He said that it appears that Morgan Hill has 1.5% of the total calls. He inquired whether the cities that have not contributed will be participating/funding the program.

Ms. Ruf said that they designed their funding requests based on the population of the various cities. She indicated that 2-1-1 is a private/public partnership. They approached corporations as well as counties and cities. The funding requests were based on the different entities and their populations. She noted that Morgan Hill is being asked for \$5,000 in funding, based on population, and that they will be adhering to tiers. She informed the Council that they will be able to provide detailed information from the 2-1-1 data base for the various cities. This information can be monitored in order to assess the number of calls coming in. She stated that call volumes are expected to triple in the next year or two. She said that 2-1-1 is averaging approximately 40-50 calls per day; anticipating this number to go above 100 calls per day. She requested the City's assistance in helping to spread the word about 2-1-1, and that she would welcome the opportunity to promote their services. She would be willing to share call information from other cities with City staff.

Council/Agency Member Grzan noted that Morgan Hill contributed \$3,700 last year; however, the City of Gilroy only contributed \$2,500 and the City of Cupertino only \$2,000. He noted that these cities are larger than Morgan Hill and have a larger call volume. He gets the sense that the City of Morgan Hill is carrying other cities with its contribution. He inquired if there were any efforts, on Ms. Ruf's part, to get cities to pay on a population basis.

In response to Council/Agency Member Grzan's question, Ms. Ruf said that she would not be approaching these cities to contribute based on population as they are still looking at the population tier to determine the funding requests. She noted that 2-1-1 went live 3.5 months ago, and that they do not have a year's worth of data to demonstrate the number of calls received from the various cities. She is working with all of the cities in the County to request funding from those who did not fund the launch of 2-1-1, and to request an increase in funding from those who assisted with funding to launch the program. She stated that they have had success with television and radio stations to promote the 2-1-1 call center.

Mayor/Chairman Tate opened the floor to public comment. No comments were offered.

Mayor/Chairman Tate stated that he supported funding to help launch the 2-1-1 call center last year, and that he was in favor of continuing the City's support. He said that the City does not have an appropriate budget category for funding other than CDGB funds; noting that the window for CDBG funding is over this year. If the City is to continue this program, he recommended the Council look at CDBG funding in the future. He further recommended that \$5,000 be appropriated from the Community Promotions budget in order to maximize the possibility for success, with the understanding that the Council will be asking for the results of phone calls coming in; particularly from Morgan Hill.

Ms. Ruf indicated that she would be able to provide the Council with a list of the audiences they are reaching such as working families, low income individuals, etc., who may not know where to turn to for resources. She informed the Council that 2-1-1 receives calls from individuals who want to volunteer,

donate items, and/or money. They see the 2-1-1 call center for individuals who do not know where to start.

Council/Agency Member Grzan recommended that Ms. Ruf return to the Council with success stories as this information would help bolster support for the work that 2-1-1 does.

Mayor Pro Tempore/Vice-chair Carr felt that it would be helpful to have Ms. Ruf return in six months to a year to present a report on the types of calls 2-1-1 is getting from Morgan Hill. This would be helpful information for the Council to know as it thinks about where the CDBG dollars should go in terms of the non profit services the City is trying to develop. He felt that United Way, in the 2-1-1 call center, can provide for the needs of the community, and that the Council can review where CDBG funds should be allocated.

Council/Agency Member Sellers noted the City has a very limited amount of CDBG funds. It was his hope that the 2-1-1 program is as effective as it is today. Should the Council decide to reduce other non profit agencies' funding by a slight level in order to use CDBG funds to maintain the 2-1-1 call center, it may result in the City increasing the agency's client base while reducing its funding source. He felt the Council needs to keep this mind. He said that it may be that the Council could identify a different budget line item for 2-1-1 in future years. He felt that the funding request/amount is warranted and that it would be appropriate to fund.

**Action:**        *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council unanimously (5-0) agreed to **Fund** United Way's 2-1-1 Call Center in the amount of \$5,000 for Fiscal Year 2007-08 from the Community Promotions budget.*

## ***City Council Action***

### **PUBLIC HEARING:**

#### **13.    APPLICATION ZA-07-06: TEXT AMENDMENT – RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) STANDARDS AND CRITERIA - Ordinance No. 1839, New Series**

Planning Manager Rowe presented the staff report on the proposed text amendments to the RDCS standards and criteria; fine tuning the criteria as a result of the lessons learned from the Fiscal Year 2005-06 competition for downtown allotments. He informed the Council that significant changes were made to the scoring criteria in 2005 to accommodate the type of development desired in the downtown; higher density mixed use. He noted that the standards and criteria originally drafted were for conventional single family tract homes. In applying the new changes to the criteria, it was found that there was a need to make adjustments such as in the building coverage calculations. He presented the Council with an overview of the significant changes that are being recommended by the RDCS Subcommittee to 13 of the 14 evaluation categories. He informed the Council that a working group and the RDCS Subcommittee were in agreement to the proposed changes, and referred a recommendation to the Planning Commission. The Planning Commission agreed to forward a recommendation of approval

of the changes, with some minor changes. He informed the Council that Planning Commissioner Mueller agreed with all changes except the change associated with the Parks & Paths criteria. The proposed changes would create the opportunity for projects of up to 50 units to pay into a park in-lieu fund instead of providing open space on site. He indicated that Commissioner Mueller noted that the City has not built a lot of parks lately, and that small parks, privately maintained, are a means to supplement/augment what the City provides.

Council Member Sellers referred to page 168 - alternative energy sources. While he felt the recommended changes to this criteria were laudable, he inquired whether there were other actions the Council could take to encourage developers to include alternative energy sources. He noted that there has not been an abundance of solar electrical panels being provided in the last few years although the opportunities to provide them have been there. He inquired as to what the City can do to further encourage alternative energy sources. He understands that providing alternative energy sources speaks to the affordability of the units, but felt the City could further encourage alternative energy sources to be adopted.

Planning Manager Rowe indicated that at the Planning Commission meeting, it was pointed out that the installation of energy efficiency features would add approximately \$30,000 to the cost of constructing a home. Developers believe the City needs to make these points more valuable. To address this suggestion, the Commission doubled the points assigned to encourage a developer to commit to alternative energy sources. He felt that it may be possible to go beyond this, later this year, when the Council holds its joint study session with the Planning Commission.

Mayor Tate felt that the Council will need to discuss what topics will be addressed at the joint City Council/Planning Commission workshop, and how it will fit in with the action to be taken this evening.

Council Member Grzan referred to page 123 where it talks about changing the building coverage definition to allow for podium level courtyards. He inquired as to the definition of a podium level courtyard.

Planning Manager Rowe stated that you would have a parking lot with some ground level commercial space associated with a vertical mixed use. Residential units would be developed above the ground floor and may have an open area below the living space where the parking area is situated. He clarified that a podium level courtyard is constructed in order to expand the ground level parking. He indicated that providing ground level parking results in higher construction costs, and that some of the downtown projects are seeking higher density. He said that a developer may be able to create a courtyard space on the second level that is open to the sky, and that there is no opening below at the ground level where the parking garage is located. Under the old definition, the City would count building coverage as including all the area that is covered by the podium. He said that this may result in 80%-90% of the site being covered by a podium. When you look at this, the building coverage may only be 60% when you look at how much of the project site is open to the sky. He noted that the lower the building coverage, the more points awarded. Last year, the Planning Commission felt there should be partial credit given for having a courtyard space that is open to the sun and air (open space area). Therefore, the criteria was revised to give this open space acknowledgement. He said that it is the goal to encourage higher density product(s) in the downtown, and that this building coverage criteria only applies to downtown development. It is

felt that the proposed criteria change would benefit projects equally in the downtown. He indicated that in-lieu fees would increase the fees coming into the parks funds, and that the implementation of the fees would need to be a separate action before the Council. He clarified that a project could still provide a park within the development. However, paying an in-lieu fee would avoid a burden on the residents, via a homeowners association, in order to maintain a small common area. This recommendation is being made in order to place more emphasis on public parks instead of the smaller, privately maintained common areas that are not accessible to individuals who do not reside within the development. He indicated that the proposed criteria amendment is not a major change; noting that the current criteria allows for payment of park in-lieu fees for projects up to 24-units. The proposed amendment would allow payment of park in-lieu fees for projects up to 50-units.

Mayor Tate said that it was his understanding that the idea of having a homeowners association for a small development would require payment for the operators, board insurance, etc. (payment of all the overheads). He noted that state law has gotten onerous on what needs to be reported and how homeowners associations have to be funded each year. He felt that this would be a large expense when you divide the fees required per house in a smaller development. He did not believe the fees would be as onerous with a larger development. Further, the Parks & Recreation Commission would like the City to move toward the development of a regional park(s) that is maintained by the City and accessible to the community; relieving the homeowners association requirement. This would result in a better park system for the City.

Council Member Grzan supported having a common area that would give a sense of open space among a group of clustered buildings. He noted a housing development on Santa Teresa and Watsonville Road that has little front yard space; yet, the homes about themselves in a clustered type area. Within this area, there is a wonderful core of open space that includes a number of recreational amenities. He said that without this open space and amenities, the development would be tight and the streets narrow; giving a sense of claustrophobia. He did not believe the project would be a viable project without the open space.

Planning Manager Rowe said that in order to provide open space, the units would get squeezed in together on small lots. Without the requirement of an open space/common area, the same number of units would be spread out over the entire property, and the common open space would be integrated/apportioned into larger lot sizes.

Mayor Pro Tempore Carr referred to the Schools Category. He noted that the School District raised their fees and that in response to this, the Planning Commission is recommending that the City lower the per point cost. He inquired whether the City would be offsetting the criteria - not benefiting the School District.

Planning Manager Rowe said that the funds would go into an account the City controls to fund improvements that would establish safe walking routes to school. He said that the proposed criteria change would ensure that developers contribute the same dollar amount. The point value was increased from 3 points to 4 points. If a developer wants to achieve 4 points, a developer would still need to pay \$1,100. He clarified that the sum would end up being the same because there is an extra point to pursue to attain four points. He informed the Council that the School District found this proposed amendment to be acceptable.

Mayor Pro Tempore Carr noted that the City talks about safety and traffic improvements when it comes to the schools closest to the development. He inquired as to what would happen if these improvements were of the highest priority to the School District. It could be that a higher priority is a safety concern with a school that is greater than ¾ miles away from a development. He inquired whether there was a way to shift the points based on priority, or does there need to be a nexus.

Planning Manager Rowe said that in addition to increasing the points from 3 to 4, two points can be awarded for improvements that are in proximity to a school. The other two points can be awarded for improvements that apply to a greater area.

Mayor Tate referred to the Natural & Environmental category – Energy Conservation Measure. He noted that should a project serve 50% of the homes with a 50% energy savings, a point can be attained. If a project serves 100% of the homes with energy savings, the project can achieve 2 points. He inquired why there is not more granularity on the percentage of savings. Why is there not more of a spread such as 25% energy savings receives ½ point; 50% energy savings receives 1 point; 75% energy savings attains 2 points, etc. He felt that this section would be enhanced by including differentiations.

Planning Manager Rowe said that this is an area Planning Commission Davenport had an interest in, and that he might be able to elaborate on this. The subcommittee and Planning Commission wanted to have a recommendation going to the Council that involved outgoing Planning Commissioner Lyle. It was not certain as to how many new commissioners would be appointed to the Planning Commission this year. The Commission/staff did not believe it would be fair to the new commissioners to have to digest all the information and forward a recommendation to the Council. Thus, the target completion date of May 2007 was created to bring forth recommended changes to the Council. Had the subcommittee and the Commission had more time, they would have discussed this criteria further. He felt this to be an area that can be addressed as part of the fall joint Council/Planning Commission workshop.

Mayor Tate opened the public hearing.

Ralph Lyle, member of the RDSC subcommittee, felt that there were major themes that applied across categories and that these themes tended to make changes in multiple categories: 1) usability issue – making sure the City has units that are usable to individuals in wheelchairs; 2) de-emphases of private parks and open space for smaller development (noting that the developer has the option of providing a private park or paying park in-lieu fees); 3) encouraging developers to provide well sources for the city or to encourage use of gray water and less grass areas in order to reduce water usage; and 4) energy efficiencies. He agreed that more work could be done with regard to energy efficiencies. He felt that a developer was able to attain 1 point in this category, and can now receive 4 points for this as a result of a Measure C change. He felt that the additional points may engender more being done in terms of energy efficiencies.

No further comments being offered, the public hearing was closed.

In response to Council Member Grzan's question, Planning Manager Rowe said that the trend is to build two-story homes as opposed to single-story homes as it is more cost effective to do so. He said that some years ago, credit was given to projects that provided up to 15% single-story units.

Council Member Grzan did not believe the senior population was in need of two-story homes, and that if the City had a community full of two-story homes, the City may make it difficult for the elderly citizens to reside in the community. He said that he would like to see additional incentives be provided for including/developing single family homes, and a greater balance of single and two-story homes in order to better serve our population.

Planning Manager Rowe stated that the current criteria states that at least three housing plans are needed in order to attain 7 points, and that single story homes must represent 15% of the total units being proposed. He said that the Council could look at requiring a higher percentage of single-story units. However, the higher the percentage, the less likely a developer would choose the single-story home as a housing type option as they would choose to build one of the others listed in order to garnish the maximum points under the category. He informed the Council that there is always a percentage of the homes in current projects that are single-story homes.

Council Member Sellers felt that the senior population is less than 15%.

Planning Manager Rowe said that it could be possible for the Council to reserve a certain percentage of the new homes to be built for senior citizens, and that the homes be designed accordingly. The Council could request the Planning Commission consider a certain percentage of set-asides for senior housing as part of the 2007-08 competition.

Council Member Sellers stated that he appreciated the addition of usability for seniors. He indicated that he tries to run through different neighborhoods and that he could not get through the park of a development because he was not a resident of that neighborhood. He felt that the proposed changes would broaden park opportunities; noting that the Council has expressed a desire to acquire land for parks. The purchase of land would be important to the individual project(s) and to the community. He felt that there would be a lot of different opportunities to tie this to maximize points. He also felt that there were opportunities to look at the relationship of affordability and energy efficiencies.

**Action:**        *Council Member Sellers made a motion, seconded by Mayor Pro Tempore Carr, to Waive the Reading in Full of Ordinance No. 1839, New Series.*

Council Member Grzan expressed concern with the lack of park space. He noted that Planning Commissioner Mueller points to the fact that the City has not met the master plan numbers in terms of park per square footage, per residence. He felt the City needs to make sure it provides adequate park space for its citizens. Should the City wait until homes are built, and other areas/uses are developed, it would be harder for the City to purchase/combine lots in order to build parks. The longer the City waits to purchase land; their costs will rise; doing its residents a disservice in this regard. Should the City eliminate smaller parks, he recommended the City start investing in larger parks; putting money aside at this time. He recommended the Council have further discussions on how it will set aside parks and open space for the community; not only on the outskirts of the community, but within the urban area

Mayor Tate noted that the Council established a goal in January 2007 that stipulated that “By fall 2007, the City Manager will schedule a joint workshop of the City Council and the Planning Commission to consider Measure C policies and criteria which should include, as a minimum, policies relating to inclusion of BMRs in market rate projects; policies that would encourage green buildings and lower annual operating costs for homeowners, and policies on developer commitments to meet City goals.” He did not believe the City would be holding a competition this year, but that he has been reminded that the City would be having a Measure F, higher density competition. It was his belief that the joint workshop would be the time the Council would put intense efforts on energy conservation items. He said that the City Manager has indicated that the Council could approve the amendments this evening, and that the Council would have the opportunity to review items in the fall. He felt the Council still needs to have discussions as to what work needs to be done in order to get ready for the workshop. He inquired whether the Council wants to request the Planning Commission continue its work, and/or request the Utilities & Environment Committee to assist with identifying items to be discussed at a workshop in the fall. He noted that the City of San Jose declared today that it would reduce emissions by 2020.

Council Member Sellers felt that one of the most valuable items the City needs to try to keep up with is the incredible amount of energy that is going into this issue. He noted that the City of San Jose has staff resources to improve energy efficiencies through solar energy, or other means. He recommended the Council ask staff and the Planning Commission to assess energy efficiencies. He said that he could identify 3-4 items other cities are doing that the City of Morgan Hill can adopt. He indicated that the City of Morgan Hill has a unique opportunity to do more than other cities because of the City’s RDCS, in the way that it has skewed the supply and demand for housing. He recommended using these efforts as a starting point.

Mayor Pro Tempore Carr agreed that this is a topic the Council spent a lot of time discussing at the retreat. He noted that the Council has already tasked the Utilities & Environment Committee to come up with an environmental agenda. He indicated that the Committee has been discussing whether changes are to be made. It was his belief the Committee is to return to the Council with an agenda, and that this may work into the next step of holding a workshop. He said that the RDCS standards and criteria could be ways to implement part of the agenda. He informed the Council that the Committee would be returning to the Council, as it moves through the process, to make sure they are heading in the right direction as this is an area the City has not spent much time on in the past. He was not sure that it was necessary for the subcommittee to do any more work until the Council challenges them to take the next step. He said that the Committee would continue its work on the environmental agenda in order to prepare for the fall workshop.

Council Member Grzan concurred that the Utilities & Environment Committee is looking at an environmental agenda that will need to be incorporated into this document in some fashion, or encouraged in some way. He inquired how the Committee’s environmental agenda or ideas for a healthy city can be included into the standards and criteria.

Mayor Tate felt that the environmental agenda and/or ideas for a healthy city can be brought back to the fall workshop. He stated that the Council can adopt the proposed amendments this evening, but that this



does not mean the Council needs to stop changing the RDCS standards and criteria. He said that it was his belief that the RDCS standards and criteria needs to be in place at the beginning of the competition; noting that an RDCS competition will not be held this year.

**Vote:**            *The motion carried unanimously (5-0).*

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1839, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING ARTICLE II, THE STANDARDS AND CRITERIA AND PROCEDURES OF THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM AS SET FORTH IN CHAPTER 18.78 OF THE MORGAN HILL MUNICIPAL CODE** by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

## ***City Council Action***

### **OTHER BUSINESS:**

#### **14.    STATE LAW MANDATED ORDINANCE DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S NON-PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN – Ordinance No. 1840, New Series**

Business Assistance and Housing Services Director Toy noted that State law requires cities with a redevelopment plan to adopt an ordinance that governs the agency's power of eminent domain to acquire property. He informed the Council that State law does not provide exceptions to adopt an ordinance. He clarified that the ordinance does not give the Council eminent domain authority, and that the only way the Council would have the power of eminent domain would be to amend the Plan. He informed the Council that State law requires the City to have an ordinance in place by July 2007; thus, the non program ordinance before the Council.

Mayor Tate opened the floor to public comment. No comments were offered.

**Action:**        *On a motion by Mayor Pro Tempore Carr and seconded by Council Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1840, New Series.*

**Action:**        *On a motion by Mayor Pro Tempore Carr and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1840, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN** by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

**15. CIVIC CENTER MASTER PLAN AND CONSULTANT AGREEMENT FOR NEW DEVELOPMENT SERVICE CENTER**

City Manager Tewes informed the Council that it will be the City's intention to turn over the keys to the new library building to the County library system so that they can begin moving in. He stated that a public ceremony for the grand opening of the new library will take place in July 2007.

Senior Project Manager Dumas informed the Council that Noll & Tam Architects was commissioned to develop a master plan for future City Hall needs. This firm interviewed department directors and key staff members to project the civic center office needs for the next 20 years. He stated that from these discussions came the assumptions that City Hall would require a total of 35,000 square feet over the next 20 years. He indicated that four master plans were presented to the Council in July 2001. Of the options presented, the Council preferred option 3. He addressed the Council's preferred option. He informed the Council that staff has broken this project into 3 phases: 1) build out of the interior of the "development service center"; 2) master plan the parking, adding additional parking in front of City Hall and the development service center; and 3) facade renovations to the existing buildings, and the future renovations of City Hall to better utilize some captured space when different departments vacate the building. He informed the Council that there is a \$1.5 million construction budget to build out the interior of the development service center; \$440,000 has been budgeted for professional services; \$250,000 for fixtures, furniture and equipment; and \$90,000 for CIP administration. Phases 2 and 3 are planned for Fiscal Year 2010-2011 as a \$3.1 million project. He stated that the funding sources are from public facilities, non AB1600 public facilities fund, and water and sewer impact funds.

Mr. Dumas indicated that staff received four proposals of qualifications from architectural firms, and that staff narrowed its selection to the two more qualified firms. Staff interviewed these two firms; recommending RMW from San Jose to design the development service center based on their qualifications, experience, and their proposed fees. Staff recommends deferring any additional master planning and facade improvements until fiscal year 2010-11. He stated that phase 1 is a 13-month schedule for design and construction.

City Manager Tewes informed the Council that unlike most other services, architectural and engineering services cannot be awarded on a competitive bid basis per law. Therefore, the city goes through a two step process: 1) a request for qualifications, identifying the firms staff would like to talk to; opening a second envelop that contains their proposed costs, and 2) staff negotiates from there.

Mr. Dumas indicated that phases 2 and 3 could be completed together if there was funding available to construct them.

Council Member Sellers inquired whether there would be a significant increase in efficiencies within the organization that could be had by moving forward with phases 2 and 3. Should the Council decide to move forward with these phases, are there any options for funding? He noted that it was stated the City would save a tremendous amount of money by being able to move forward with all phases, and would reduce years of disruptions should the master plan be developed.

Mr. Dumas said that it was his belief there are some inefficiencies in the existing city hall. With the Community Development Department moving out of city hall, a large part of the public will not be coming to this building. He stated that there is a lot of counter space that could be captured for another use; possibly remodeling/moving the Council Chambers as well. He noted that there are funds to master plan City Hall, but no funding to build it.

City Manager Tewes referred to page 15 of the Capital Improvement Program budget where it is indicated that phase II is identified in Fiscal Year 2010-2011 with a budget of \$3.1 million. He indicated that the funding source is the civic center certificate of participation bond; borrowed money. He said that individuals will lend the City money if it agrees to pay it back. He noted the City does not have an identified source to pay back a loan. He said that all of the enterprise and special revenue funds that come forward to pay rent are moving out of City Hall to the development service center. Therefore, departments will be paying for their upgrades at the development service center. It will be general fund staff members who will be left behind at City Hall, and that he has not been able to identify the resources to move forward with phases 2 and 3. He acknowledged that there would be savings if the City had a modern HVAC system; however, there would not be \$300,000 worth of savings that would be required to amortize \$3 million worth of bonds.

Mayor Tate opened the floor to public comment. No comments were offered.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0) **Authorized** the City Manager to Execute the Professional Services Agreement in the Amount of \$316,360 for Development Service Center Interior Design with a \$40,000 Contingency, Subject to Review and Approval by the City Attorney.*

### **FUTURE COUNCIL-INITIATED AGENDA ITEMS**

Council Member Grzan said that the Utilities & Environment Committee reviewed the letter from City of San Jose Mayor Chuck Reed regarding their monitoring of equipment at the Calpine plant. He said that it is the recommendation of this Committee that this item be brought back to the Council for future discussion.

Council Member Lee inquired about the City-School Liaison Committee meeting(s).

### ***City Council Action***

### **CLOSED SESSIONS:**

City Attorney Kern announced the below listed closed session item.

1.

#### **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Authority

Government Code 54957

Public Employee Performance Evaluation: City Attorney

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Attendees:

City Council, City Attorney

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor Tate opened the Closed Session item to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Mayor Tate adjourned the meeting to Closed Session at 9:17 p.m.

**RECONVENE**

Mayor Tate reconvened the meeting at 10:30 p.m.

**CLOSED SESSION ANNOUNCEMENT**

Mayor Tate announced that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business, Mayor/Chairman Tate adjourned the meeting at 10:31 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**IRMA TORREZ, CITY CLERK/AGENCY SECRETARY**

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**CITY OF MORGAN HILL  
JOINT SPECIAL CITY COUNCIL AND  
SPECIAL REDEVELOPMENT AGENCY MEETING  
MINUTES – JUNE 13, 2007**

**CALL TO ORDER**

Mayor/Chairman Tate called the meeting to order at 6:03 p.m.

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Grzan, Lee, Sellers, and Mayor/Chairman Tate

**DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

***City Council Action***

**CLOSED SESSION:**

Mayor Tate announced the below listed closed session item.

1.  
**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
Authority Government Code 54957  
Public Employee Performance Evaluation: City Attorney  
Attendees: City Council, City Attorney

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor Tate opened the Closed Session item to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Mayor Tate adjourned the meeting to Closed Session at 6:05 p.m.

**RECONVENE**

Mayor/Chairman Tate reconvened the meeting at 7:00 p.m.

**CLOSED SESSION ANNOUNCEMENT**

City Attorney Kern announced that no reportable action was taken in closed session; indicating that she would be able to remain an employee of the City of Morgan Hill for another year.

## **SILENT INVOCATION**

## **PLEDGE OF ALLEGIANCE**

## **PRESENTATION**

## **PROCLAMATIONS**

## **RECOGNITIONS**

## **CITY COUNCIL REPORT**

Council Member Grzan indicated that the Council attends other meetings other than the Wednesday night Council meetings; noting that the Council belongs to a number of subcommittees. He stated that he is chair to the South County Regional Wastewater Authority (SCRWA), the Cities of Gilroy and Morgan Hill's wastewater treatment plant. He announced that SCRWA recently received two awards: 1) Santa Clara Valley Water District award for the Morgan Hill-Gilroy partnership and its water reclamation project; and 2) OMI award regarding the same cooperation partnership with the water treatment plant. He stated that SCRWA does a tremendous job, and that it will be investing millions of dollars to expand the treatment plant in order to be able to handle future growth in the area. Unlike other communities outside Morgan Hill who did not invest in water treatment, they may find themselves in a position where they can no longer build/develop because of a self imposed moratorium, or by the State for the lack of water treatment. He said that the Cities of Gilroy and Morgan Hill have a state of the art water treatment facility that will handle all the cities' needs; today and tomorrow. He also chairs the Utilities & Environment Committee. He said that this Committee works hard, and will work very hard this summer as it puts together an environmental agenda; looking at programs, projects and other items that will make the city a true environmentally sound and healthy community. The Committee will be returning to the Council with a number of proposals on how to promote an environmental agenda. The Committee recently had the opportunity to review the City's public access channels. He indicated that the Committee recently recommended an additional channel access to Gavilan College and the Morgan Hill Unified School District. He said that the Committee went through an extensive review process in order to make sure the programming/commitment exists, and that there is good quality programming in the community.

Council Member Grzan stated that he has attended a number of public functions. He, like other council members, has been a recipient of many letters regarding the Jackson Oaks Trail issue. He indicated that he has been asked to take a position on this issue; noting that there is a process in place for consideration. He said that the Jackson Oaks Trail has not gone through the review process, and that for him to take a position on this issue at this time would be premature, and may undermine the efforts of the committees and commissions that have not had the opportunity to review this item. He stated that it was important for the Council to keep itself abreast, and to interact with various members in the community. He stated that he has read every e-mail forwarded to him. It was his belief that council members need to wait and weigh all the arguments; pro and con. He encouraged the residents to remain

active in this regard. He stated that the Council also had an opportunity to meet with the residents of the Madrone area, and felt the Council did a good job in working with this sector of the community.

### **CITY COUNCIL COMMITTEE REPORTS**

Mayor Tate announced that Mayor Pro Tempore Carr was in attendance at 6:00 p.m. when the meeting was called to order and that he participated in closed session. However, Mayor Pro Tempore Carr excused himself from this portion of the meeting in order to attend his daughter's graduation from preschool, and would return later this evening.

### **CITY MANAGER REPORT**

City Manager Tewes noted that communities throughout California are experiencing a reduced water supply. He stated that the State of California recently cut back the amount of water pumped out of the Delta and that this further constrains local water supplies. He said that in recognition of these constraints, the Santa Clara Valley Water District is asking that all of its customers reduce water consumption by 10%, on a voluntary basis. He said that while the constraints in supplies mainly affect those communities that rely on surface water, he indicated that Morgan Hill does not rely on surface water. None the less, it is felt that it is time for Morgan Hill residents and businesses to take advantage of the technical/financial assistance the Water District makes available to encourage conservation. He addressed 3 conservation programs: 1) the Water-wise House Call Program; 2) High Efficiency Toilet Rebate Program; and 3) the District Landscaping Assistance Program. He indicated that citizens will soon be receiving brochures on these programs, and recommended that individuals contact the Water District to learn more about their conservation programs.

Council Member Grzan indicated that the Santa Clara Valley Water District also has a rebate program on washers; currently offering a \$100 rebate for the purchase of high efficiency washers. He stated that the Water District has a number of wonderful programs that community members should participate in.

### **CITY ATTORNEY REPORT**

City Attorney Kern stated that she did not have a report to present this evening.

### **OTHER REPORTS**

### **PUBLIC COMMENT**

Mayor/Chairman Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

### ***City Council and Redevelopment Agency Action***



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## **ADOPTION OF AGENDA**

**Action:**        *On a motion by Council/Agency Member Grzan and seconded by Council/Agency Sellers, the City Council/Agency Board, on a 4-0 vote with Mayor Pro Tempore/Vice-chair Carr absent, **Adopted** the Agenda as printed.*

## ***City Council Action***

### **CONSENT CALENDAR:**

Mayor Tate indicated that there were individuals in attendance this evening wishing to address Consent Calendar items 1 and 8. Therefore, these items would be removed from the Consent Calendar.

Council Member Grzan requested that item 4 and Council Member Sellers requested that item 9 be removed from the Consent Calendar.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Approved** Consent Calendar Items 2, 3, 5, 6, 7, and 10 as follows:*

2.        **EXCEPTION TO LOSS OF BUILDING ALLOTMENT AWARDED TO APPLICATION MC-05-12: DEPOT-GRANARY**

**Action:** **Adopted** Resolution No. 6101; Granting the Extension of Time Request

3.        **AMEND CONTRACT FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2007 AND 2008 - CITY**

**Action:** **Authorized** the City Manager to Extend the Contract for Annual Audit Services Provided by Moss, Levy and Hartzheim for an Additional Two-Years at a Cost not to Exceed \$33,159; Subject to Review and Approval by the City Attorney.

5.        **AGREEMENT WITH BLACKROCK LLC FOR PROVISION OF INFRASTRUCTURE IMPROVEMENTS AND LAND, TO MEET CONDITION OF URBAN SERVICE AREA EXTENSION**

**Action:** **Authorized** the City Manager to Execute the Agreement with Blackrock LLC; Subject to Review and Approval by the City Attorney.

6.        **APPROVE THE FISCAL YEAR 2007-2008 SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY BUDGET**

**Action:** **Approved** the South County Regional Wastewater Authority Fiscal Year 2007-2008 Budget.

7.        **SUBSEQUENT DEVELOPMENT REIMBURSEMENT WITH MORGAN HILL UNIFIED SCHOOL DISTRICT FOR JUAN HERNANDEZ/TENNANT TRAFFIC SIGNAL**

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**Action:** *Approved the Subsequent Development Agreement and Authorized the City Manager to Execute the Agreement on Behalf of the City; Subject to Review and Approval by the City Attorney.*

10. **AWARD PROFESSIONAL SERVICES CONTRACT FOR DESIGN OF HALF ROAD TEST WELL**

**Action:** *Authorized the City Manager to Execute an Agreement with Luhdorff & Scalmanini for the Design, Preparation of Plans and Specifications and Field Services of a Test Well on Half Road in the Amount of \$35,000; Subject to Review and Approval by the City Attorney.*

1. **FRIENDS OF THE MORGAN HILL LIBRARY MURAL OF LITERARY QUOTES FOR THE NEW LIBRARY PROJECT**

Carol O'Hare said that since the item was added to the consent calendar, she and Zoe Gustlin have had the opportunity to visit the new library building, and review the area in the adult section where they wanted to place the mural. She informed the Council that the graphic artist had originally informed the Friends of the Library that six to eight quotes would fit in this space; noting that it is a large space that is 44 feet long. She informed the Council that the Friends of the Library would like to wait and get a feel for the space before including the quotes. She said that the area has a clean look and that the Friends of the Library were not sure they would want to clutter the space with these many quotes. She requested the Council approve the concept of the quotes; advising which quotes they like from the list of quotes presented. She would agree to return to the Council some time in the future for approval of the quotes selected.

Council Member Sellers said that he would rely on Ms. O'Hare's good judgment regarding the location of the quotes. He noted that Ms. O'Hare referenced the backgrounds for most of the individuals to be quoted. He inquired as to what degree full explanations would be included.

Ms. O'Hare clarified that only the names would be included with the quotes. She said that a pamphlet would be put together of all the arts to be placed in the library. Individuals will be able to review the arts and have background information provided.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, Conceptually Approved the Proposed Adult Area Mural of Literary Quotes as Additional Public Art Piece(s) Provided by the Morgan Hill Friends of the Library.*

4. **COMMENT ON SAN JOSE'S NOTICE OF PREPARATION OF ENVIRONMENTAL IMPACT REPORT FOR MONTEREY HIGHWAY SOCCER COMPLEX**

Council Member Grzan understood that the soccer complex would be expanded from 8 soccer fields to 15 fields. He noted that the facilities to be built are proposed to be temporary in nature (e.g., concession stands, etc.). He inquired as to the reason for this approach.

Community Development Director Molloy Previsich informed the Council that the current proposal is for 15 fields. She indicated that the site is owned by the City of San Jose, and that the land is within their greenbelt, but outside their urban service area. Therefore, no public services would be provided, and that they are limited to improvements that are temporary in nature. She stated that the City's letter suggests that there may be some consideration to amending policies related to urban services being extended to greenbelt areas for public recreation and public facility projects similar to this project. She said that the letter suggests the City of San Jose may want to amend the project's description and include in the environmental impact report some analysis of a policy change; including a statement of whether this would be a good idea, or not. She noted that fields at Sobrato High School are located in the greenbelt, and that this has prevented the ability to light the fields. She said that the draft letter raises the issue that it might be in the public's interest to consider amending the policies for public recreation and public facility uses. She said that these could be treated as Out of Agency Service requests for utility extension, and could be considered to serve these types of uses if they are in the public interest. She indicated that it would be the City of Morgan Hill who would provide sewer service, and that the City of San Jose would need to go to LAFCo to request an Out of Agency service request for sewer.

Council Member Sellers indicated that the City of San Jose was reluctant to do anything more than the basic requirements. He said that the City of San Jose was originally going to prepare an environmental impact report (EIR) on 8 fields. When everyone involved in recreation looked at the site, it was found that 15 fields could be accommodated; noting that there is an acute need for more recreation fields. It was felt that the City of San Jose should analyze and prepare an EIR for 15 fields. He said that the letter suggests the City of San Jose has some opportunities; understanding constraints (e.g., detention facilities and the fact that the site is located in the greenbelt). Further, that the City of San Jose has the opportunity to provide needed recreational services. He said that it is being suggested that the City of San Jose review the broadest base of items possible so that opportunities for kids to have the ability to play soccer or other sports are not precluded.

Council Member Grzan noted that it is being recommended that the City of San Jose amend their policies to allow for services to be installed. He inquired whether the City is asking, on behalf of Sobrato High School, that they allow for lighting.

Ms. Molloy Previsich clarified that the letter does not suggest that the City of San Jose amend their policies at this juncture, but that they amend their project description to study lighting as part of the EIR to determine if lighting would be a significant impact, or whether there were impacts that need to be mitigated. Further, that the City of San Jose allow their staff to perform a policy analysis. She noted that the site is located adjacent to urban services. She felt that there could be some flexibility in the policies that could be made in order to allow for greater utilization of the recreational space. Even though the site is located within the greenbelt, it is felt that there may be some advantages. The letter is asking the City of San Jose to consider analyzing this policy issue, and that LAFCo consider this policy issue as well.

Council Member Grzan inquired whether Morgan Hill residents would be allowed to use these fields.

Mayor Tate said that it has always been the objective to make the outdoor sports center a complex that can be utilized for various sports (e.g., softball, baseball, football, soccer) in the community. He noted

that the City has a lease with the CYSA organization at the sports complex. If the City can get CYSA to change the lease to an area north of the city limit, this will accommodate the youth of the community to participate in the CYSA program; opening the possibility of additional hours available to the community at the outdoor sports center. He indicated that many CYSA members come from San Jose and play at Morgan Hill's soccer complex. He noted that the Council lowered the residency requirement to 60% last week in order to allow Morgan Hill's youth to play soccer in CYSA's program; allowing other area youths to play soccer as well. He does not see this soccer complex to be competitive or detracting from the City's sports complex being built.

Council Member Lee said that CYSA could move to the City of San Jose's soccer complex. Doing so would take away from the main use the Council has been talking about for the City's new outdoor sports complex. She noted that CYSA holds their tournaments 40 weeks out of the year in the City's sports complex.

Mayor Tate stated that he has considered the main use of the City's outdoor sports complex as a variety of outdoor recreational opportunities for all youth in the community. He noted that the primary use of the City's outdoor sports complex is soccer. He said that the City is doing a careful balancing act in trying to keep CYSA engaged in the maintenance of the City's fields so that the City does not need to spend general fund monies to maintain the fields. It was his belief that the balancing act the City is trying to accomplish is to eventually find a home for CYSA. Therefore, it would be in the City's interest to have the City of San Jose look at the site west of Sobrato High School.

Council Member Sellers said that CYSA hosts several tournaments in Morgan Hill. He noted that CYSA representatives have indicated that there are certain tournaments they cannot host in Morgan Hill because there are not enough fields. Having both facilities would provide CYSA with an overflow of fields. He anticipates that there would be an evolutionary process where the City would modify the agreement with CYSA. He felt the City has the opportunity to advocate both facilities.

Council Member Lee expressed concern that should CYSA move to the San Jose fields, and use these as their competitive fields; the City will have lost CYSA's contribution toward maintenance of the outdoor sports complex. She stated that payment for the upkeep and maintenance of the fields has always been a concern of hers. Should the CYSA organization cease to use or reduce its use of the City's outdoor sports complex; the City would lose their contribution toward maintenance of the fields.

Mayor Tate agreed that the CYSA organization will not just move out of the City's sports complex as they need more fields for a lot of their competitions. He said that the City had discussions with other sports groups to see if the City could find someone who would help maintain the outdoor sports complex. He said that the City has not given up on conducting more of this type of investigation in the future. He said that Council Member Lee is right to keep focus on the area of maintenance as the costs would come from the general fund. He agreed that the City should find an answer to this. Should CYSA move to the San Jose site, the City would lose in their paying toward maintenance. However, the City would gain the use of the fields for the true use to which they were intended. He said that it would be up to the Council to develop innovative solutions and policies on what it chooses to do/not do with the outdoor sports complex. It could be that the City will be able to find a private partnership.

Council Member Sellers felt that it was important to understand the need is significant for fields. He said that he is working with a group trying to find fields to use as the fields for sports use are difficult to come by. He noted that there is a high percentage of young people in the community. It was his belief that it will be a matter of what the fields would be used for, and not a question of need. He agreed that this will be an issue that will have a favorable outcome for Morgan Hill, short term, as there will be several options. He agreed that these questions are important to ask as the City moves forward. He did not want the City to sacrifice financial standards in order to expand the ability of the community's youth to use the fields.

City Manager Tewes noted that the action before the Council is a part of a long standing Council policy that can be changed. He said that the Council wanted to encourage the development of regional serving facilities in San Jose; knowing that this would allow the City to move forward with the Council's adopted master plans for the outdoor sports center. He indicated that there was a lot of discussion about how the City would acquire the property; noting that the property was acquired with redevelopment funds for redevelopment purposes, and not as a long term use for the CYSA organization. He stated that CYSA has always been considered an interim use.

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Tate, the City Council, on a 3-1 vote with Council Member Lee voting no and Mayor Pro Tempore Carr absent, **Authorized** the Mayor to Send the Letter to the City of San Jose.*

Council Member Grzan stated that he supported the motion because 15 fields would be studied, and that the motion would not be a decision making action.

8.        **AGREEMENT BETWEEN THE CITY AND INDEPENDENCE DAY, INC. (IDI) TO CO-SPONSOR THE JULY FOURTH CELEBRATIONS**

Alex Kennett, President of IDI addressed the upcoming events scheduled for the Fourth of July. He indicated that the Fourth of July celebration will start with the Firecracker Golf Classic on Friday, June 22 at the Eagle Ridge Golf Course; July 3: Patriotic Sing at Britton Gym at 6:00 p.m. followed by a street dance at 7:00 p.m. July 4: 8 a.m. – 5k walk and 1 mile walk/run; a car cruise parade prior to the parade, and 10 a.m. - Fourth of July parade. He informed the Council that a float builder is using this parade as a test bed for the design and construction for the Rose Parade in Pasadena. He said that the downtown family festival follows immediately after the parade in the downtown and would end approximately at 4:00 p.m. No pre fire work event is planned. The day would conclude with fireworks. He said that Carl Larson, a sophomore from Live Oak High School, is IDI's logo design winner.

Council Member Grzan stated that this is one of the most outstanding events held in the community, and that this is a reason why individuals come, live and stay in Morgan Hill. He said that this event, along with others, brings the community together. He was proud that IDI has a great number of dedicated volunteers who come back every year to work hard to make this event successful

Mr. Kennett thanked the City for providing Julie Spier as their liaison this year. He said that it has been great to be able to have one individual to call and work with, and that this has made it easier to work with the City.

**Action:** *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Authorized** the City Manager to Sign the Co-Sponsorship Agreement with Independence Day Inc., and **Appropriated** \$28,600 to IDI for Co-Sponsorship; Subject to Review and Approval by the City Attorney.*

## **9. SISTER CITY DELEGATES VISIT DURING FOURTH OF JULY**

Council Member Sellers inquired as to the outline of the events; noting that the request is for a relatively small allocation. He stated that the memorializing of the City's sister cities will not be insignificant with the new library opening.

Mayor Tate said that the City will have contingencies from Mizuho, Japan: the Mayor and her spouse; and city officials; as well as a delegation from San Casciano, Italy will be arriving somewhere around July 1 and leaving July 6. He said that the City's two Sister Cities will visit City Hall July 3, and that a dinner is planned for the two Sister Cities delegates at Guglielmo's. He informed the Council that they will be hearing more, and be invited to some of the events. However, they are still trying to finalize the schedule.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Authorized** \$100 for Sister City Delegates Visit Support.*

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

Agency Member Lee requested that item 11 be removed from the Consent Calendar.

**Action:** *On a motion by Agency Member Sellers and seconded by Agency Member Grzan, the Redevelopment Agency Board, on a 4-0 vote with Vice-chair Carr absent, **Approved** Consent Calendar Item 12 as follows:*

## **12. AMEND CONTRACT FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2007 AND 2008 - RDA**

**Action:** ***Authorized** the Executive Director to Amend the Contract for Annual Audit Services Provided by Moss, Levy and Hartzheim for the Two Years Ending June 30, 2007 and 2008; Subject to Review and Approval by the Agency Counsel.*

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## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

**Action:** *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Grzan, the City Council/Agency Board, on a 4-0 vote with Mayor Pro Tempore/Vice-chair Carr absent, Approved Consent Calendar Items 13-14, as follows:*

13. **CAPITAL FINANCING AND DEBT POLICY**

**Action:** *Approved the Capital Financing and Debt Policy.*

14. **JOINT REGULAR CITY COUNCIL AND REGULAR REDEVELOPMENT AGENCY MEETING MINUTES OF MAY 23, 2007**

**Action:** *Approved as Submitted.*

## ***Redevelopment Agency Action***

11. **BELLINGER, FOSTER, AND STEINMETZ LANDSCAPE ARCHITECTURE APPROVAL OF \$100,000 FOR ADDITIONAL DESIGN AND CONSTRUCTION SERVICES FOR OUTDOOR SPORTS CENTER**

Agency Member Lee inquired as to the additional monies being requested be allocated. She requested an explanation about the funds being requested; including the contingency fund. She noted the staff report states that the contingency funds would assist in addressing any issues that may come up.

Special Assistant to the City Manager Spier said that this was at one time two projects: phase 1 – a \$2 million project that was limited in its scope; and phase 2. She stated that during the process, there was no coordination between phase 1 and phase 2. During that time, the City did not pay for a complete set of plans that brought both projects together. She indicated that the Council funded the project for \$10 million in January 2007. Staff had all the components for the project, but that staff found that there were items that fell through the cracks when they tried to combine the two projects. She said that this was an area that staff forewarned the Council that additional architectural services might be needed. She stated that there were also enhancements that were identified (e.g., expansion of the bleacher space to accommodate additional fields, expansion of the temporary parking lot in order to allow CYSA to continue play during the construction period, and the kiosk which is part of the partnership with the Chamber of Commerce and Tourism Committee were brought into the scope of the project, etc.). She said that it is typical to add a contingency, and that for this project it is a \$20,000 contingency. She noted that this will be a short five month construction period for a \$10 million project, and that this is a substantial project. Staff still needs to coordinate electrical, PG&E and Verizon and that these have to be detailed out. She informed the Council that a security system was added as an enhancement; clarifying that the City was not going to install a security system when the project was just for two fields. However, now that the concession stand, office area and the restroom are proposed, new lines were installed and that staff detailed out the terms of the security to be installed. She stated that security is

needed based on prior thefts in all of the public parking lots. She said that staff is trying to stay in pace and meet all of scheduled milestones. She clarified that the total amount for additional architectural services is \$100,000, of which \$20,000 is for contingencies.

Agency Member Grzan said that this particular project has been a concern to him as one of the outcomes for the project was to benefit the redevelopment agency; in particular, the downtown areas with enhanced jobs, reduction in crime, etc. He stated that he does not see this project doing so. While this is a worthwhile project, he did not believe it meets the objectives of the intended purpose. Therefore, he would not be supporting the action before the Agency Board.

Vice-chairman Carr entered and took his seat on the Dais. He indicated that he listened to the staff report and Council discussion from the side room with the rest of the staff members.

**Action:**      *On a motion by Council Member Sellers, and seconded by Mayor Pro Tempore Carr, the City Council, on a 3-2 vote with Council Members Grzan and Lee voting no, Authorized the Executive Director to Execute an Amendment to the Existing Contract with Bellinger, Foster and Steinmetz to Provide Additional Design and Construction Support Services for the New Outdoor Sports Center and Appropriated in an Amount Not-To-Exceed \$100,000, Which Includes a Contingency of \$20,000; Subject to Review and Approval by the Agency Counsel.*

Agency Member Sellers noted that the Council unanimously voted to support the extension of the redevelopment agency and their goals. He felt that it was important to acknowledge this fact.

Agency Member Grzan stated that it was his belief that he voted for the programming concept of the redevelopment agency extension. After continually receiving more information and historical documents on this item, it has made it difficult for him to support this project. He indicated that the stated goals for this facility were to add jobs and to contribute to the well being of the downtown. He did not see these benefits taking place. He said that the main premise of building and funding this facility is what it will do for the downtown, and that this is missing. He acknowledged that recreation facilities would benefit from this action. He did not see this project adding jobs and reducing crime. If someone could show him the relationship between these, he would lend the project his support.

Chairman Tate did not believe there has ever been a direct tie associated with this project and the downtown. The tie has been to the redevelopment area. He felt that this item needs to be agendaized to review the history of this item, how the City got to where it is, and what areas this project benefits. He said that the Agency may not agree, but felt that the Agency Board needs to be on the same page in terms of what the background is.

Agency Member Lee indicated that she was not on the City Council when the redevelopment agency was extended. She expressed concern with the financial aspect of the maintenance and the upkeep of the outdoors sports center. She did not know how this would affect other areas of the City's budget. She stated that she is not opposed to recreational services as she uses and enjoys all the recreational facilities in town. She wants to make sure the City is serving the public the best that it can, while keeping in mind



the City's budget constraints. She did not know how the City would be able to keep up with the maintenance of the wonderful facilities that are built, while serving the community in other areas. She stated that this will always be her concern.

## ***City Council Action***

### **PUBLIC HEARINGS:**

15. **PUBIC HEARING AND ADOPTION OF RESOLUTIONS CONFIRMING FISCAL YEAR 2007-2008 ANNUAL ASSESSMENT FOR THE FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT – Resolution Nos. 6102 and 6103**

Director of Public Works Ashcraft informed the Council that this is the annual public hearing on the engineer's report and the annual levy of assessments for the Fox Hollow-Murphy Springs Lighting and Landscaping Assessment District in accordance with the Landscaping and Lighting Act of 1972. He stated that there are 20 sub areas in the Fox Hollow-Murphy Springs Assessment District; subdivisions approved in the early 1990s. He indicated that there are a total of 755 lots encompassed in the sub areas. He stated that the resolutions before the Council would adopt the engineer's report that fairly levies assessments against each of the parcels. He indicated that most of the costs associated with the levy are associated with the contract maintenance of the open space area. He referred the Council to page 149 and 150 of the staff report that identifies the summary of the 20 sub areas with historic and proposed assessments. He stated that staff proposes 6 of the 20 sub areas increase assessment with the remaining 14 sub areas remaining the same as they were this year. He informed the Council that the property owners of 238 lots were notified of the assessment rate increase; noting that the increases do not require a Proposition 218 vote because 5 of the 6 sub areas rate increases are less than the maximum assessment established when the assessment district was formally approved.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0) **Adopted** Resolution Nos. 6102 and 6103; Confirming the Fiscal Year 2007-2008 Annual Assessment for the Fox Hollow/Murphy Springs Assessment District.*

16. **DEVELOPMENT AGREEMENT AMENDMENT, DAA-05-08: CHURCH-ALCINI - Ordinance No. 1841, New Series**

Director of Community Development Molloy Previsich presented the staff report on a request to amend an approved development agreement for a 14-lot, single family attached residential project located on a 1.6 acres on the west side of Church Street, just north of Bisceglia. The request is for a six-month extension of the commencement deadline, and a six month extension of the date to obtain the building permit. She informed the Council that the final map process took longer than expected, but that there has been substantial progress made in seeking the entitlements: final map approval and building permits. She indicated that there was a delay in the final map process by the City for approximately three months

and that there were other unanticipated zoning and environmental review factors that needed to be worked through. She stated that on May 22, 2007, the Planning Commission considered the request and unanimously recommend the Council approve the requested development agreement amendment.

Council Member Sellers indicated that the staff report referenced an attached letter from the applicant; noting that the letter was not attached to the staff report. He stated that there are three Exceptions to Loss of Building Allocation extensions before the Council this evening in and around the downtown area. In reading through all three items, he wondered whether this is a situation the City needs to worry about in a larger scale. He expressed concern that the City is starting to recognize concerns/problems in the downtown that will be significant because these are unique projects (e.g., vertical mixed use). He felt that what the City is trying to do in the downtown, and that delay in commencement of construction, will result in significant impacts in terms of timing. He inquired whether there were any red flags the City needs to be cognizant of.

Ms. Molloy Previsich said that there are a multitude of factors at play, and that the nature of some of the downtown development is different. She stated that it is taking longer for new developers to gear up and proceed with mixed use projects in the downtown versus developing a standard single family project the city frequently sees. She said the City is reforming the way it establishes the schedule in the first place; noting that it used to be that aggressive detailed schedules were part of all development agreements. When the housing market is strong and you are working with single family construction development, they are fairly predictable and do not encounter many problems. She noted the housing market has slacked off and the City is receiving different types of construction, and individuals who do not want to be aggressive in moving forward with construction. She stated that some of the recent amendments approved were to take some of the detailed deadlines out and place them in planning commission resolutions so that applicants do not need to come before the Council for ordinance amendments. She said that some of the projects will be constructed as scheduled, but that it is the intermediate deadlines that have slipped. She said that the opportunities created by Measure F are causing some individuals to rethink the timing of their projects because they are going to be able to increase density and construct a larger project. A delay for this purpose would be in the City's interest so that a better project can be constructed.

Council Member Sellers said that the pattern is that individuals developing, designing and engineering projects in the downtown are running into difficulties they did not anticipate because the projects are more complex and challenging. He wanted to see the applicant's letter to see if they felt the same way. It may be an educational process for the developers going through the process. There may be some things the City can do better; calling items out and doing something different with these projects than has been done with other projects. He inquired whether the City could help the individuals developing in the downtown do a better job.

Ms. Molloy Previsich stated that staff is not suggesting any whole sale changes at this time. However, as the City goes through the downtown plan update and better defines the opportunities and constraints, additional recommendations may come forward on ways to handle the downtown and mixed use development differently than what is done at this time.

Mayor Pro Tempore Carr stated that he typically does not support extensions, but noted that in this case, there were some delays in the City's processes. He expressed concern that granting a six month extension may place the developer in a potential of coming back with weather issues. He inquired whether staff has seen a project schedule that shows the City that the project will commence construction before there are weather issues. Does the applicant really need a six month extension? He indicated that it has been the City's experience or commencing construction is that by the end of six months, the developer will break ground; occurring at the very end of the time limits. He did not want to be in a situation in December where the developer has issues about weather instead of being able to break ground during the summer months.

Ms. Molloy Previsich informed the Council that she has not seen the detailed construction schedule, and that the applicant may have submitted this information to City staff. It was her belief the applicant discussed with City staff how much time was really needed. She clarified that the City would not be adjusting the completion of construction deadline; finishing the project on time.

Mayor Tate said that in his experience as/of the Planning Commission is that the Commission takes very seriously granting any exceptions to the loss of building allocations. He indicated that the Planning Commission takes the developer through an in depth process; questioning the developer to make sure the applicant has the best schedule in place. He was a little concerned the City is moving the deadlines out of the development agreements, and may loosen the timelines. It was his belief that the Commission would continue to take deadlines seriously and do a good job in recommending/not recommending an extension to the Council.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

Council Member Lee shared the concern about putting the breaks on the entire momentum taking place in the downtown. She recommended the City watch the situation carefully over the next couple of months as the City has a lot of good things taking place in the downtown. She did not believe the City wants to hold up the activities taking place.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1841, New Series.*

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1841, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1787, NEW SERIES, DAA-05-08: CHURCH-ALCINI, TO ALLOW FOR AN 8-MONTH EXTENSION OF THE COMMENCEMENT OF CONSTRUCTION DATE FOR 14 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2006-2007 FOR MC-04-15: CHURCH-ALCINI. ALSO, APPROVED IS THE TRANSFER OF THE DEVELOPMENT AGREEMENT PERFORMANCE DATES OUT OF EXHIBIT "B" OF THE DEVELOPMENT AGREEMENT AND INTO A SEPARATE***

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*RESOLUTION (APN 817-01-061 & 064) by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

**17. EXCEPTION TO LOSS OF BUILDING ALLOTMENT AWARDED TO APPLICATION MC-04-10: EAST DUNNE – KRUSE – Resolution No. 1604**

Community Development Director Molloy Previsich presented the staff report on a request for a 3-year extension of time for 3 building allotments for a large subdivision. She said that once CEQA started, there were significant issues that took a lot of time to address, such as the tiger salamanders, red legged frogs, and geologic hazards. Due to the potential for these endangered species, it can take two years or more to conduct the necessary surveys, and to work with the Wildlife Resource Agencies to obtain clearances. She informed the Council that one complication is that there has to be at least 70% of the average rainfall in March in order to conduct a survey in that year; noting that Morgan Hill did not receive the 70% average rainfall this year. This added another year to the process. She stated that the Planning Commission and staff are recommending Council approval of the 3-year extension of time. She acknowledged that this is a long extension of time, but felt that it was justifiable given the environmental constraints the applicant is trying to work through.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Adopted** Resolution No. 1604; Approving an Exception to Loss of Building Allocation to Allow for a Three-Year Exception to the Building Allocations Received for Three Units for Fiscal Year 2006-2007.*

Mayor Pro Tempore Carr noted that in his letter to the City, Mr. Kruse talks about the requirements of the City of Morgan Hill to perform linkage geotechnical surveys and multi year biological surveys. He indicated that this is a CEQA requirement, and not a City requirement.

Ms. Molloy Previsich indicated that the City of Morgan Hill is the lead agency for CEQA, and that these are California and Federal laws that City government must comply with/follow.

**18. DEVELOPMENT AGREEMENT AMENDMENT, DAA-06-06: MONTEREY-GUNTER - Ordinance No. 1842, New Series**

Community Development Director Molloy Previsich presented the staff report on a request to amend the development agreement for a 15-unit vertical mixed use project. The request is for a one-year extension to commence construction deadline for a downtown mixed use project by less experienced developers. She indicated that this has been a complicated project and that the applicant is in the building plan check cycle; receiving two plan checks already and are in their third plan check. She said that approval of the building permit should be eminent. She indicated that the applicant understands they need to move forward with the construction drawings and lay out the project. Therefore, the applicant is requesting a one-year extension. She informed the Council that the Planning Commission reviewed the request, and is recommending the Council approve the request for a one-year extension.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

Council Member Sellers noted that he and Council Member Lee made comments about the challenges downtown projects face under agenda item 16. He felt it important that this project is done right and that it presents lessons as the City moves forward with other downtown projects.

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1842, New Series.*

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1842, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION, DAA-06-06: MONTEREY - GUNTER TO ALLOW A ONE-YEAR EXTENSION OF THE COMMENCE CONSTRUCTION DEADLINE FOR THE FISCAL YEAR 2006-2007 BUILDING ALLOTMENTS** by the following roll call vote: **AYES:** Carr, Grzan, Lee, Sellers, Tate; **NOES:** None; **ABSTAIN:** None; **ABSENT:** None.*

## ***City Council Action***

### **OTHER BUSINESS:**

#### **19.     DEDICATION OF NEW PLAYGROUND AT THE CIVIC CENTER SITE**

Special Assistant to the City Manager Spier informed the Council that the dedication of the new playground at the civic center site was a recommendation by Mayor Tate as it appears to be a timely item based on the upcoming dedication of the new library facility scheduled for July 21, 2007. She said that there was some discussion, in 2003, when the City lost Ken Tougas, to try and dedicate something in his memory. She indicated that Mr. Tougas was a civic servant in many areas from seniors to youth. She noted that the new playground is a youth opportunity.

Mayor Tate indicated that Gina Six and her husband worked closely with Ken Tougas on the Child Spree and the Toys for Tots campaign over many years, and supported him in a lot of other events. He stated that they have been trying to find a way, since Mr. Tougas passed away, to dedicate to his memory, and to keep him and his spirit in our minds/in front of us. He felt this opportunity to be perfect; a playground for the kids that he supported so well. He said that they will try to find some time to have a small celebration to dedicate the playground in Mr. Tougas' memory before the formal opening of the new library.

Mayor Tate opened the floor to public comment. No comments were offered.

Council Member Sellers commended Mayor Tate for coming up with the idea of dedicating the playground to Mr. Tougas' memory and thanked him for all of his work. He noted that the Council established a policy on how it would dedicate facilities on behalf of individuals. It was his belief that the Council wanted to set the bar high so that the dedication would not be an inconsequential action, but that there was a reason to do so and that it was appropriate. He said that anyone who worked with and knew Mr. Tougas and all of his work would agree that this is an appropriate recommendation.

**Action:**        *Council Member Sellers made a motion, seconded by Council Member Lee, to Dedicate the New Playground at the Civic Center Site in Memory of Ken Tougas.*

Council Member Grzan stated that he would support the motion, but wanted to know if there were other members in the community that need to be identified that could possibly be listed as individuals who would be commemorated in some way or another. These would be individuals who have given much of themselves. He felt that there may be other opportunities for the City to honor other members in the community who have devoted a lot of their time to the community. He recommended the City identify a commemorative area to honor those individuals who the Council would like to honor and memorialize.

Mayor Pro Tempore Carr stated his support of the motion, and thanked Mayor Tate for bringing this great suggestion to the Council.

**Action:**        *The motion carried unanimously (5-0).*

## **20.    2007-2008 CITY DEPARTMENT WORKPLANS**

Assistant to the City Manager Stott presented the staff report on the 2007-08 City Department workplans. He indicated that the workplans represent the substantial work efforts that staff would undergo above and beyond their routine efforts. He noted that there is some interdepartmental coordination that needs to take place. He views the workplans to be a supplement to the budget as the resources are identified in the proposed Fiscal Year 2007-08 budget.

Council Member Sellers said that he understands how the Council will fit in with most of the workplan items; including the processes/Council weigh ins. He said that there were two workplan items he was not sure where the Council would fit in; one being the redesign of the city's website. He pointed out that the Council would not be directly involved in design issues, but as a user of the website, he wanted to know if there would be a website committee established as one was established in the past. He also wanted to know how this would come together.

Mr. Stott informed the Council that the redesign of the website was an item he would be responsible for. At this point, he has not formed a committee, but that a committee would be created to assist with the redesign of the website. He sees the need for a survey to be conducted that can be placed on the website to determine if individuals are finding what they are looking for, or whether they have suggestions to improve the City's website. He stated that there will be a process where City staff would seek input.

Council Member Sellers referred to the traffic model; indicating that in the surface, it sounds as though it is a mundane workplan item. However, it has a significant impact on everyone on how this all works out. He inquired whether there would be an opportunity for citizen input in the process in terms of future land use and circulation.

Community Development Director Molloy Previsich said that staff proposes to update the traffic model with today's conditions. The new updated model would be run for the existing general plan, and that it would also be used for some general plan amendments. She stated that the traffic model would be used to test whether there should be amendments to the circulation element. She hears Council Member Sellers stating that he would like the opportunity for public input for the types of circulation questions that should be analyzed by this traffic model. She felt that this was a good suggestion. She indicated that staff has interviewed traffic model consultants, and that staff will be bringing a proposed contract to the Council at the end of June or early July. She said that staff will make sure that there will be a public opportunity as part of the contract.

Mayor Tate noted that there are a couple of workplan items having to do with the completion of the Architectural Design Handbook. He inquired how the completion of the Architectural Design Handbook affects the Architectural and Site Review Board's (ARB) review. He further inquired whether there was an opportunity to streamline projects when the Handbook is completed.

Ms. Molloy Previsich informed the Council that staff will be bringing forward several items that consist of an amendment of the Design Review Ordinance, the Planned Unit Development ordinance, and certain other sections of the Municipal Code. She said that staff is trying to extract items from the design guidelines and incorporate them into the Design Handbook; simplifying the Design Ordinance so that it is more about processes. It would talk about what the ARB does and what staff can do, etc. Staff will be bringing forward recommended amendments to the Design Review Ordinance, the Planned Unit Development Ordinance, and the Design Review Handbook at the same time. She said that it is staff's hope to have study workshops at the end of summer 2007.

Council Member Grzan inquired whether the City currently has the ability to search the website for items such as Council minutes with key words, etc.

Mr. Stott responded that the website has a search function; however, it does not function well. He said that staff is proposing to start with a brand new website model.

Council Member Grzan noted that a workplan item states that staff will digitally produce maps for department use. He informed staff that Santa Clara County has a vast resource, and that it was his understanding that there were recent legal actions that the County's files may become available to the City. Therefore, the City may want to take a look at enhancing its GIS capabilities with files the County already has.

Mayor Tate referred to page 19 of the workplan document. He noted that the public works department has identified a curb appeal workplan item. He requested that staff explain what this workplan item entails.

Mr. Stott said that the public works department has identified this workplan item in order to identify areas throughout the City that they can add “curb appeal” in order to make certain areas more attractive. He felt that this may be a real estate term, and that Public Works staff could find inexpensive enhancements to add to the curb appeal.

Council Member Grzan requested that City staff identify areas within the community that are without sidewalks. He stated that is an issue with areas around Paradise School where kids are walking on the streets to go to school. It was his belief that this is a hazard and that the City needs to set funds aside to install sidewalks.

Council Member Sellers noted that Monterey Road and Dunne Avenue are also in need of sidewalks.

Mayor Pro Tempore Carr indicated that the City Manager’s workplan states that it will assist with the implementation of the City Council goals. He did not see that the goal on public safety listed in the workplan under the City Manager’s Office nor listed under the Police Department’s workplan. He noted that Mr. Stott, the City Manager, and the Chief of Police are putting time and effort toward this goal, and that everyone needs to realize there is work taking place with this goal.

Assistant to the City Manager Stott informed the Council that the goal on public safety was not listed as a workplan item because the goal was completed. However, he could add it to the workplan as it is an active item.

Mayor Tate opened the floor to public comment. No comments were offered.

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Reviewed** and **Accepted** the Proposed 2007-2008 Workplan for City Departments.*

## ***City Council and Redevelopment Agency Action***

### **OTHER BUSINESS:**

#### **21.    ADOPT THE FISCAL YEAR 2007-2008 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET AND ADOPT THE FISCAL YEAR 2007-2008 APPROPRIATIONS LIMIT**

Finance Director Dilles presented the staff report; indicating that the Council held a budget workshop on May 18 and a public hearing on June 6. Tonight would be the time for the Council to adopt the proposed budget for Fiscal Year 2007-08. He informed the Council that staff made two changes to the numbers it saw before: 1) staff added \$193,196 for the South County Regional Wastewater Authority (SCRWA) budget to tie to the budget adopted by SCRWA; and 2) added \$14,000 to the budget having to do with the Chamber of Commerce’s tourism funding discussed by the Council previously. Other than these two changes, the budget contains the numbers previously seen by the Council. He requested the Council



adopt two resolutions: 1) adoption the City of Morgan Hill budget and approval of the appropriation limits for Fiscal Year 2007-08, and 2) adopt the Redevelopment Agency budget as a separate document. Staff also recommends Council/Agency Board approve the five-year Capital Improvement Program as previously presented. He informed the Council/Agency Board that staff did not change the Morgan Hill Downtown Association budget.

Business Assistance and Housing Services Director Toy clarified that the Morgan Hill Downtown Association budget was not changed from what was recommended at \$75,000. He said that staff could absorb \$20,000 in additional funding within the budget as the Economic Development portion of the budget contains \$8-10 million. Should the Agency Board decide to appropriate additional funding, staff would return to the Agency Board with a contract in order to handle the funding request.

Mayor/Chairman Tate opened the floor to public comment. No comments were offered.

Council/Agency Member Sellers said that this is one of the most significant decisions the Council/Agency Board has to make, and that it is being done with so little fanfare. He thanked staff for all its hard work put into this effort, and making sure that the budget serves the community well and reiterates the priorities of this community.

**City Council:**

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council unanimously (5-0) **Approved** Resolution No. 6105 of the City of Morgan Hill Adopting the Fiscal Year 2007-2008 Operating and CIP Budget and **Adopted** Appropriations Limit for Fiscal Year 2007-2008.*

**Redevelopment Agency:**

**Action:** *On a motion by Agency Member Sellers and seconded by Vice-Chair Carr, the Agency Board unanimously (5-0) **Approved** Resolution No. MHA-269 of the Redevelopment Agency of Morgan Hill Adopting the Fiscal Year 2007-2008 Agency Budget.*

Council/Agency Member Grzan stated that there are significant economic challenges for the City Council/Agency Board. Even though the Council/Agency Board is approving the budget this evening, there are some significant economic challenges that are before it; both in public safety and park needs. He stated that he would support approval of the budget, but did not believe the budget should be taken lightly. Over the course of this year, the Council will address its economic issues and other items it has to do in order to continue to support public safety and other issues.

**City Council and Redevelopment Agency:**

**Action:** *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-Chair Carr, the City Council/Agency Board unanimously (5-0) **Approved** the Five-Year Capital Improvement Plan.*

**FUTURE COUNCIL-INITIATED AGENDA ITEMS**

- Background/history on the Outdoor Sports Center (Mayor/Chair Tate)
- Identify individuals who have contributed to the community (Council Member Grzan)
- \$20,000 in funding for the Morgan Hill Downtown Association (Council Member Sellers)

**ADJOURNMENT**

There being no further business, Mayor/Chairman Tate adjourned the meeting at 8:37 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**IRMA TORREZ, CITY CLERK/AGENCY SECRETARY**

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